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JPRS-WER-88-051

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AUSTRIA

New Freedom Party Officials Goeschl, Schmidt Profiled

Goeschl's Arab Connections

36200194 Vienna PROFIL in German
4 Jul 88 pp 12-13

[Article by Hubertus Czernin: "Blond Hawk: The New FPÖ Federal Party Director Has Ambiguous Connections in the Arab Area"]

[Text] Harald Goeschl did not want to miss the opportunity that 1 May was a Friday this time. Together with brother Alexius and 2 girl friends the civil engineer spent an extended weekend in the city of lagoons, Venice.

A few days later, Goeschl in the meantime was back in Vienna, the 28-year-old received a telephone call. At the other end of the line was an officer of Group C of the interior ministry, the state police.

Goeschl was to provide information to the state police officer as to his whereabouts on the morning of 1 May. Harald Goeschl answered that he was in Venice with friends.

The year was 1981, a few days after the mysterious murder of City Councilman Heinz Nittel in Hietzingen, Bossigasse. Among hundreds of tips received by the Vienna police after Nittel's death, one of them had been about an unknown blond man who had been sighted near the scene of the crime.

Up to these May days in 1981, the businessman chosen last week by Joerg Haider new federal party director, says he did not even know "that Nittel even exists."

It is merely speculation why the investigators suspected Goeschl of all people. According to the FPÖ man, he has always advocated the cause of the Palestinians as far back as his university days. "Very clearly," he says he has always expressed his opinion on the Near East question, "perhaps too clearly." At the Technical University he made friends with Palestinian fellow students.

It is also true that he was in Lebanon but not, as is being asserted in the meantime, to receive physical and anti-Zionist spiritual training in a training camp of the military PLO organization El Fatah. Twice, he says, he was in Beirut, including once with family. He stayed in the St. Georges Hotel. At that time, in the mid-seventies, Lebanon by the way was not a combat zone but "the pearl of the Near East" (Goeschl).

He said it was also untrue that he—as claimed in a second accusation—joined Saika, the organization of Palestinians controlled by Syria. He does know, he says,

what the Saika is but "I have always supported only the legal situation of the Palestinian people." That, he says, is after all only proof of his "liberal-mindedness."

But not only on account of the Palestinian matter is Joerg Haider's new budget administrator ("There is nothing where anyone can have a hold on me") being talked about.

Already last year Harald Goeschl was under suspicion of having arranged for rocketry technicians to go to Libya (PROFIL 30/87). With the help of the cousin of his business partner Mamun El-Ghusein, the VOEST consultant Ramiz El-Ghusein, so the charge goes, he wanted to sign up technical specialists for Muammar Qadhafi's rocket development program.

Goeschl made a half-hearted denial. Libya could use the engineers it was looking for just as well for civilian aviation; moreover he is not opposed "to delivering everything that helps Libya to strengthen its Armed Forces."

Of course the timing of Goeschl's entrepreneurial activities in Col Qadhafi's desert country attracted attention even then. Half a year before that, Christmas 1986, the Hamburg illustrated STERN had uncovered that several German firms—illegally—assist Libya in rocket technology. At a secret training area at the corner where Libya, Niger, and Chad meet, FRG technicians and engineers moreover had performed rocket tests as part of the secret project "Itissalat."

Coordinating point in the military technology transfer was the "Top Technologie-gesellschaft für Ölproduktionen mbH" (Top Technology Company for Oil Production With Limited Liability,) which was founded in Munich in 1984 and which was headed by the Libyan Abdulrahim Bader.

In the fall of 1985 Bader took up a second domicile in the posh Vienna district of Doebling and, with the help of the local attorney Peter Prenner, founded the "Abdulrahim Bader Gesellschaft" (Company)—nominal capital: 500,000 schillings—for trade "in all kinds of goods..., especially of equipment, tools, and materials for the development of oil wells and oil production."

Four months later Harald Goeschl also became a promoter of a firm. Together with the Palestinian and Jordanian citizen Mamun El-Ghusein, the latter's wife Lina, and the Austrians Jihad Wahbeh and Basem El-Nashief, he established the "Golden Falcon" in the fourth Vienna city district. Object of the business: wholesale and retail trade in all kinds of goods; export and import of all kinds of goods.

Goeschl and partners also concentrated on the Libyan market: for example, as representatives of the Chemie-Linz subsidiary Merx. Because the desert business started out well, Goeschl and El-Ghusein founded a

second firm, the "G & G Technical Consulting Ltd.," which tried its hand with the export, i.e., of "tires and batteries" (Goeschl) to the People's Libyan Jamahiriya.

Harald Goeschl derived pleasure from the Libyan affair. He became absorbed in Qadhafi's bible, "The Green Book," was a regular guest in the Libyan People's Bureau, and became the advocate of the green revolution. Goeschl: "I reject anything that will discriminate unilaterally against Libya. The Americans effectively support terrorist movements in Nicaragua, Israel proclaims the policy of the broken bones in the 2 occupied territories. Why does Libya always have to be the scapegoat?"

Immediately after the founding of the firm Goeschl, through another cousin of his partner El-Ghusein, Basam El-Ghusein, who was working for a Libyan oil company, came into contact with Abdulrahim Bader, the technology expert who had switched from Germany to Austria.

Bader offered the Vienna newcomer his assistance, also through the relevant Munich firm "Top." Goeschl: He said the latter likes to help us everywhere after I had approached him."

As early as the end of January 1986 Bader had turned over his shares in the Vienna firm to the Luxembourg "International Holding Corporation," a Libyan enterprise resident in the Grand Duchy. It took until August 1987 until a new managing director, Salem Fituri, was installed in the firm that was now called "OPM Crude Oil Production Equipment Maintenance Erdoelproduktionsanlagen-instandhaltungs Gesellschaft m.b.H." According to the FPOe party director, "all of a sudden Bader was no longer our opposite number, but Fituri."

Salem Fituri, a relative of the director of the Libyan People's Bureau in Vienna, quickly did business with Goeschl & Ghusein: With a third partner, Premaberg Industrieanlagen" (Industrial Installations) "Austrian Oil Technology" was founded, not without success. It was possible to gain a number of Libya oil companies for cooperations, for example for the metallurgical treatment of pipelines or for drillings and gas analyses. Technology transfer or military export was never the object of the business, according to Goeschl: "I dissociate myself from that. I do not get involved in illegal business transactions."

Nevertheless the new Haider assistant wants to withdraw from this cooperation: "These people are indeed very nice but somehow not tangible," that is how Goeschl justifies the planned departure from "Austrian Oil Technology." As a young politician it bothers him "that one is subjected to observation here if one works with Libya even though [Austria's] nationalized enterprise is active there, too."

But the retreat from the Libyan cooperation does not go hand in hand with a political dissociating himself from Muammar Qadhafi. Goeschl was last an outside spectator at a human rights congress organized in Tripoli in early June. He was also accompanied by FPOe deputies Harald Ofner and Friedrich Probst as representatives of Joerg Haider.

Together with them, Goeschl, who had joined the FPOe 3 months earlier, presented the Libyan hosts a blue book: The FPOe program.

Schmidt's Views

36200194 Vienna PROFIL in German
4 Jul 88 pp 18-19

[Article by Walter Schwarz: "Fresh Breeze—Perhaps Joerg Haider Will Get the Surprise of His Life With Heide Schmidt"]

[Text] Former State Secretary Holger Bauer is looking forward to the wild cleansing force of an FPOe shower: "She is a fresh breeze," he attests to FPOe General Secretary Heide Schmidt.

He says she is smart, intelligent, she will put up a fight, too bad she did not enter politics any sooner. She can present disagreeable matters in a charming manner and, above all, FPOe veteran Bauer emphasizes in Braeunung's times as well as now: "She knows what liberal means."

TV talkmaster Hans Paul Strobl can say "only the best" about the legal helper of the FPOe people's tribunes Gustav Zeillinger and Helmuth Josseck, even though the dynamic Heide has been put on the Austrian Broadcasting Company's TV screen since she took up her seat in the Federal Council.

According to Strobl, "she is intelligent, fair, a feminine-keen mind, sharper than a man, completely fearless, can swear, at times of a virtually breathtaking directness, unusually honest. This is not a doll-like person where you have to wait and see what happens."

What will happen when the 39-year-old lawyer and master of economic and social sciences becomes the successor this fall to Norbert Gugerbauer in the FPOe federal headquarters, Kaertnerstrasse 28 in Vienna, in the house "Zum blauen Esel" (that is the name of the house known to those knowledgeable about Vienna's local history), that is of course awaited with bated breath by quite a few FPOe members.

Some think the quick-witted member of the Federal Council will simply be "burnt out." Heide Schmidt's political foster-father, FPOe veteran Gustav Zeillinger, expresses that openly; "It is a dangerous experiment, after all her professional existence is also at stake."

Of course, the retired people's tribune also indicates something that is FPOe doctrine: The general secretary in charge of outside representation of the FPOe could be a reasonable corrective to the interpreter of the law, Joerg Haider.

Old man Zeillinger cunningly: "The party chairman always makes a great many statements. It is good for a second person to do so, too. It could happen that the party chairman was not understood, is misunderstood...." The general secretary, Norbert Gugerbauer, escaping to Upper Austria, wants to see that his successor ("she is an outstanding personality, the FPOe is lucky to have her") obtains a broad view. "Haider is frequently involved in political trench warfare. The general secretary is to remain on the hill above in the general's position; frequently he has the better overall view."

The new general secretary of the Baerental trench fighter, rightist rough-and-ready type and political spokesman Joerg Haider describes her FPOe relationship with the leader coolly: "If he assigns the party spokesman function to me, that means that I can comment on simply everything. But I do not think that I am a corrective. Haider probably would not prescribe a corrective himself. It is quite possible that we complement each other in one question or another. To undertake such a duty, there must be a relationship of trust."

Quite in confidence: When the rough-and-ready type strikes, views the government coalition as pitching and tossing like a "Red-Black ship of fools," pictures SPOe Central Secretary Heinz Keller as a creature "who would like to be a wolf in sheep's clothing but is only a sheep in wolf's clothing," or refers to the former Vienna city councilman Helmut Braun, who was released from pre-trial detention, as "favorite bum," (Haiderisms of recent months)—doesn't it get uncomfortable in the soul of the Liberal general secretary?

Schmidt: Haider has a very effective and also graphic style. That does not have to be anything bad. It is only a question of degree. That is his style. He is Haider, I am Schmidt. I would not have chosen such formulations, that is not my style."

It is also not her style to see Kaernten liberated only when it is German again, for: "Kaernten is free, no question at all if I disregard now that the Red majority is in power there" (Schmidt).

And the holocaust was not only "just" mass murder, but "there is no question that it was mass murder" (Schmidt).

And it was a good thing that the party chairman called his talk with Norbert Burger, which occurred during the rightist trend, a "mistake." I hope it won't happen again" (Schmidt).

Schmidt, born in Kempten (Allgaeu) as second daughter of Sudeten German parents, after the divorce of her parents, came to Vienna at age 2 and grew up in her mother's home.

Politically untouched ("I honestly can say that I do not recall any political conversations in the family"), at the university she encountered the RFS (Ring of Liberal Students)—Friedhelm Frischenschlager, Holger Bauer, and one Norbert Steger also struggled through the university at that time and were Schmidt's contacts.

The dynamic Heide regarded the RFS "not as a political grouping but as people with whom it was pleasant and enriching to talk. I wasn't a joiner—it was something like going to a cafe."

What brought her to the FPOe was "undoubtedly a feeling of protest" against the Red and Black spoils system which was demonstrated to her more than enough in the Ministry of Education (the top lawyer was employed in the logistics department).

"I felt it to be highly disturbing that everyone knew what everyone else's party membership book was. I objected to that and told myself: Then I, too—but neither a Red nor a Black party membership book."

She no longer remembers the exact date of joining the FPOe: "It wasn't such a milestone that I would recall it."

When after violent political birth pangs the people's tribuneship first saw the light of day, Gustav Zeillinger brought the lively lawyer aboard. Schmidt on Zeillinger: "For me he embodied political competence—in the human dimension as well as in his way of being a politician."

The political career of Heide Schmidt, married to an architect for 16 years, no children, a one-family house in Vienna-Doebling, started late but all the more rapidly. For the Vienna municipal elections last November the FPOe lady was a candidate in 10th position on the FPOe list. She missed by a hair being elected to the city council: As a result of the low voter participation the FPOe quadrupled the number of its seats from 2 to 8 and cleared away the OeVP.

The FPOe city hall miracle provided the FPOe people not only for the first time a seat—without portfolio—in Vienna city administration but also provided them access to the Federal Council. Vienna FPOe chief Erwin Hirnschall prevailed against internal party resistance to place fast-track Schmidt as a Federal Council wedge between the Red-Black provincial phalanx.

The FPOe one-woman show in the Federal Council in any case will continue even after the appointment as general secretary. For the time being, Heide Schmidt will not switch to the National Council but she won't be placed on the list until the next National Council elections.

Voracious reader Heide (favorite author: Gabriel Garcia Marquez) at any rate firmly believes that the FPOe is a political growth sector. Joerg Haider's goal for the FPOe gradually to become the center party, is indeed a long-term program "but not an unrealistic program" (Schmidt).

"At this time" the general secretary designate stated, "I am of the opinion that we can get a great deal out of the role of opposition." But opposition at any price certainly cannot be the ultimate goal; "the question is where it is possible to be more effective." The little coalition terminated by the SPOe, in Schmidt's opinion, could have been continued, the way she sees it; "I was of the opinion that some things could still have been done, the FPOe performed good work."

"Model? Model?" the "fresh breeze" ponders, "I really don't have any." As a political woman, her position is liberal: "Man is to develop fully according to his potentials, be it now in the little home in the kitchen or as the manager."

At home in the kitchen at any rate she definitely manages: "I run the household, ask my husband."

12356

FEDERAL REPUBLIC OF GERMANY

SPD Announces Offensive To Gain Support Among Youth

36200211b Munich SUEDEDEUTSCHE ZEITUNG
in German 9/10 Jul 88 p 6

[Article by mes, Bonn: "The SPD Will Strengthen Its Attempts To Attract Youth"]

[Text] A "youth political offensive" by which the now young generation is to be recruited for the ideas of social democracy has been announced by the SPD executive board in a leading proposal for the federal party congress meeting in Muenster at the end of August. Speaking to the press on Friday, the chairman of the youth policy commission of the SPD, Peter Glotz, stated that in view of the drastic decline of SPD members under 35 years of age since the beginning of the eighties from 250,000 to 180,000, the party must do everything possible once again to become more attractive for the young generation. But youth policy for the SPD is not a state-controlled playing the school master to society. It also cannot comfort the SPD that the other parties have even

greater difficulties in this question and the "Ditfurth ways" of the Greens have considerably reduced their attractiveness for young people.

The proposal contains 12 "tentative principles on youth policy including the following proposals: Annually recurring youth festivals; a definite strengthening of cultural work; more consideration of young people for parliamentary seats; a "new starting point" for Social Democratic work with children who must "not simply be left to the leisure industry"; an increase in the number of student groups; reorientation of the SPD university work and appointment of youth representatives in all sub-districts of the party.

The SPD objects to a policy in which the interests of the youth "disappear in the general family policy. Concrete priorities for them are, i.e., a fundamental reform of the education and training system, reestablishment of a financially adequate promotion of training for pupils and students and improvement of the criminal law relating to young offenders. The SPD rejects extension of the military service from 15 to 18 months and the civilian alternative service from 20 to 24 months and announces that it will rescind both decisions in case it comes into power.

Glotz indicated as a key sentence of the proposal the statement: "The work of the SPD must not be and must not be permitted to be bureaucratic, nonsensical, solemn or free of fun; our relationship to mass culture not only socio-critical. Sex education and sensuality are no contradictions." Along these lines the SPD wants to clear out the rubbish from the youth policy and make the party more attractive once again for young people.

12356

FINLAND

Poli Reinforces View That SDP Is Undergoing 'Identity Crisis'

36170091a Helsinki HELSINGIN SANOMAT
in Finnish 12 Jul 88 p 2

[Text] The opinion poll conducted by Economy Research for UUSI SUOMI strengthens the impression that the Social Democrats, the party which rules our country, has drifted into an identity crisis. Although the differences between parties are not very significant, supporters of the SDP (Social Democratic Party) exhibit greater dissatisfaction with their party than do the supporters of other parties. Germane to the issue is the fact that it is not a matter of a single poll conducted for one newspaper but in all likelihood a steady trend which, before long, may be reflected in all domestic politics.

The SDP lost a good 100,000 votes in last year's parliamentary elections. Just 6 months later, it suffered another bitter setback in the elections of its flagship, the Metalworkers' Union. A recent opinion poll conducted

by Finnish Radio news showed, in turn, that the SDP's position as the country's largest party is in jeopardy. The SDP is threatened with the loss of another hundred thousand votes at the same time that the centrist parties are increasing their support.

Not even the outcome of the presidential election, or being in the government, or the new faces in the party leadership—in other words, exceptionally strong political measures—have been able to reserve the SDP's loss of support. Because no other method remains, the idea of shifting to the opposition certainly occupies SDP minds, especially since the tax reform promised in the budget will scarcely increase the party's popularity. If the SDP is unable to hold its own in the municipal elections this autumn, the current government is in danger.

Did the SDP's popularity reach its peak in the 1983 parliamentary elections? It then received nearly 800,000 votes, 26.7 percent of the ballots and 57 parliamentary representatives. The result crowned an increase in voter support that had been ongoing since 1970. Support for the Finnish People's Democratic League, in turn, was at its zenith in the 1975 parliamentary elections, but it has subsequently slid all downhill. Like the other left-wing party, has the SDP begun its period of decline? Can the SDP find a natural new role for itself?

One of the Social Democrats' basic problems is that neither the party nor its supporters have adapted to social developments, much less approved of them. Social democracy at one time developed into a powerful political force by defending the individual man and improving social security. Like other parties, however, the SDP must accept a development which brings with it immediate insecurity and concrete danger—as well as better conditions sometime in the distant future, maybe.

Another problem is the spirit of the times. Ideas and ideologies have a bad reputation in this, the most bourgeois of the Nordic countries. Kalevi Sorsa tried to get SDP reform off the ground by relinquishing his post as party leader, but what actually changed? The situation became more confusing.

The SDP entered the government, against the feelings of its supporters, for reasons of power politics, even though for years it had accused the Center Party of clinging to power. Sorsa's often proclaimed ideological confrontation with the Conservative Party lost its significance overnight. Pertti Paasio's undefined position outside the government strengthens the image of a government lacking a sense of direction. That may be hard to understand in a party which has traditionally prided itself on finely hewn political standpoints.

The SDP is thus troubled not only by its vague position in present-day politics but also by a profound conflict between words, deeds, and expectations. Its problems may therefore be difficult to overcome.

12327/9274

Comments of Conservative Party Chairman Irk Coalition Partners

Weights Purely Nonsocialist Coalition

36170088 Helsinki HELSINGIN SANOMAT in Finnish
2 Jul 88 p 2

[Editorial]

[Text] The vexing commotion about Harri Holkeri's blue-red Government simply will not let up. Just when the president's recent statement and the summer were calming down the discussion launched by Foreign Minister Kalevi Sorsa about a ministerial position for Pertti Paasio, Commerce and Industry Minister Ilkka Suominen saw fit to prophesy that there would be a bourgeois government in Finland in the near future.

Although Suominen is only seeing blue after the parliamentary election, it is clear that the Conservative Party chairman's statements do not support the position of Holkeri's Government. The blue-red Government was formed only a little over a year ago, and it intends to remain in power until the next elections. Suominen argued already now, however, that a bourgeois government would carry out its duties better: it would develop a more social policy and would allow more room for market forces.

Suominen was agitating for a bourgeois government after the election victory, but lost the arm wrestling inside the Conservative party to Holkeri. At that time Suominen defended the secret government agreement by saying that he wanted to ensure that the Conservatives would get into the government. The Conservatives are now in the Government, is this not enough for Suominen? His statement reveals a very clear enthusiasm for another solution. It appears as though he is only waiting for a bourgeois government.

Confusion prevails within the SDP as well as among the Conservatives. SUOMEN SOSIAALIDEMOKRAATTI stated in an extensive report that there was a desire among the Social Democrats to change the party leadership that was elected last summer. One source of dissatisfaction is Pertti Paasio's lifelong fervent love for collaboration between the Social Democrats and Center Party members. Paasio's absence is also attributed to the fact that he was not able to convey the image of a modernized Social Democratic Party.

Although the stories of a newspaper, striving for newness in its coverage need not be taken as literally as previously, it is surprising that the main party organ raises publicly the idea that the election of the chairman was a

failure. Whether the claim is truth or fiction it is embarrassing. An ugly word has been put into circulation, and it will not be easy to stop it. The question arises whether Paasio after all is outside the government for reasons of principle.

The discussion about Paasio's entry into the government emphasized how unnatural it is that the chairman of the largest party is not a minister. After Suominen's statement and the whispering going on about Paasio the matter seems even more peculiar. The chairman of one of the main government parties is not in the government at all, and the other one is only there half the time. Will Paasio manage to get into the government at all, when he has to protect his back?

Dissension in its own ranks is the worst thing that can happen to a government. The current dissension is not yet so serious, however, that it would lead to a new consideration of the basis for a government. Suominen has stated that he will support the present government for its whole term. Paasio for his part has stated previously that he thought it would be better if he were in the government.

Such a conversation is awkward for the government, however, because it gnaws at its credibility. The government has not been successful in its major decisions, and this is reflected in public opinion polls. Any sort of turmoil is likely to sully its image more than ever.

SDP Secretary Iivari Responds

36170088 Helsinki *HELSINGIN SANOMAT* in Finnish
2 Jul 88 p 8

[Text] The SPD party secretary, Ulpu Iivari considers the possibility of a bourgeois government floated by her Government colleague, the Conservative Party chairman, Ilkka Suominen, to be "boyish exuberance."

The strong man of the Conservative ministerial group, Commerce and Industry Minister Suominen, indicated in an interview with UUSI SUOMI on Friday that a bourgeois government was a possibility "sometime in the near future."

On the other hand Suominen's previously expressed idea of revising the government program suited the Social Democrats just fine, according to Iivari.

"We have a lot of things that we would like to see in the program. When we get the budget and the tax amendment out of the way, then it will be a good time to look at the government program. It is quite natural that such an intermediate balancing of accounts be done in the fall," Iivari stated on Friday.

According to Iivari the Social Democrats would like revisions in particular with regard to the points in the government program concerning housing and the environment.

In Suominen's opinion, too, the fall would be very suitable for discussions on revising the government program. He thought that the party secretaries of the government parties would be quite suitable as the working group to prepare the matter.

In the opinion of Prime Minister Harri Holkeri (Conservative) Suominen's ruminations about a bourgeois government do not jeopardize the government's stability.

"It is the same kind of pondering that (Foreign Minister Kalevi) Sorsa (SDP) engaged in when discussing the establishment of a united labor party. In the same way Suominen was discussing bourgeois cooperation. Sorsa's view did not shake the government nor does Suominen's statement either," Holkeri said on Friday.

In the UUSI SUOMI interview Suominen stated that after the next parliamentary elections a bourgeois government would replace the present government basis, "if the results of the elections give a clear mandate."

Suominen promised Conservative support for the present government, however. In his opinion it has been able to agree on matters that the collaboration bringing together the Social Democrats and Center Party members was not able to handle. As an example he mentioned the labor legislation amendment.

12895

Communist Party Divided Over Stand on Romania

36170091b Helsinki *HELSINGIN SANOMAT*
in Finnish 12 Jul 88 p 7

[Text] The Finnish Communist Party (SKP) does not intend to sever relations with the Romanian Communist Party, even though some people within the SKP have called for such a severance. Some communists are mad at their fraternal party for the way in which Romania treats the Hungarian minority living in Transylvania.

Nor has the SKP taken an open stand on the dispute between Romania and Hungary, although the party has considered sending a message, verbally or in writing, to the fraternal party in Romania. Visits to Romania have been postponed for the time being.

The SKP plans to discuss the issue next at its Poliitburo meeting on 18 August. According to Party Secretary Helja Tammisola, the SKP hopes that the situation between Hungary and Romania will be resolved by negotiations.

The SKP has cautiously shown its sympathy for Hungary. Last week, KANSAN UUTiset—the organ of the Finnish People's Democratic League—published an interview with Geza Kotai, member of the Central Committee of the Hungarian Socialist Workers' Party, in which Romanian measures against the Hungarian Minority are condemned.

[HELSINGIN SANOMAT] Helja Tammissola, would it be possible for the SDP to sever all relations with the Romanian Communist Party?

[Tammissola] We haven't discussed such a move.

[HS] Haven't opinions to that effect been expressed within the party?

[Tammissola] Yes, such demands have been made. I don't dispute that at all.

[HS] But you don't intend to sever relations.

[Tammissola] Well, the situation isn't that extreme, at least not right now. In general, not enough is happening at this moment for relations between fraternal parties of the two countries to be completely severed. The nature and frequency of our dealings may change: that's a different matter altogether. For example, we're not sending any delegates to Romania, even though we've been invited. There are no groups of vacationers going to Romania this summer, either.

[HS] When do you intend to decide what attitude you'll adopt toward Romania?

(The dispute between Romania and Hungary has been going on for years. The situation came to a boil most recently on 27 June when demonstrations against Romanian policy were held in Budapest.)

[Tammissola] The last time we dealt with the issue was at the 4th of July meeting of the Politburo, and we plan to return to it on 18 August, right after vacations. When people are scattered all over the place, it's virtually impossible to convene an extraordinary meeting on this issue. Decisions on trips and positions won't be made before the end of August.

[HS] So it is premature to talk about adopting any position at all?

[Tammissola] It is in the sense that no true position has been defined up until now. Generally speaking, the situation has seldom been such in international dealings that the barometer of relations at any given time is read from how frequently experts, delegates, and lecturers are exchanged and from how high-level the guests are.

[HS] But would you consider revealing your position, verbally or in writing, to the Romanian communists?

[Tammissola] That's quite normal conduct in the relations between fraternal parties. Yes, it's customary to send a message when there are different opinions on some issues, even though the topic doesn't concern Finland directly.

[HS] You still haven't expressed your viewpoint to them?

[Tammissola] There've been very practical obstacles to this. First, we wanted to speak with the Hungarian and Romanian delegations. (The delegations visited Tampere 1-3 July during the 70th anniversary of the SKP.) Because information generally comes to Finland via Western news agencies, we wanted information about the situation directly from the delegations.

[HS] Did this information differ from what's been made public?

[Tammissola] That's a matter of opinion, of course, but naturally it did differ somewhat in accuracy and plausibility.

[HS] In what way?

[Tammissola] Well, at least in the sense that we got very detailed data.

[HS] Did the opinions of Hungary and Romania differ from one another?

[Tammissola] I don't know whether they differed so much on the course of events themselves. On the other hand, the opinions differed in how well-founded they were, in other words, the reasons the situation has become as critical as it now is. Maybe the fundamental question is whether this concerns Romania's internal affairs or Romanian-Hungarian relations. Then again, the countries have somewhat different assumptions about the situation in Transylvania.

[HS] How would you characterize relations between the delegations?

[Tammissola] The situation is pretty awkward. Mutual discussion is rather chilly, of course, and the delegations haven't had much to do with each other.

[HS] Have you shown any sympathy to Hungary?

[Tammissola] I've stated personally that I understand very well the delegation's attitude toward the situation Hungary is now in. But I can't say anything official until the party forms a position on the issue.

[HS] And the position will be formed at the end of August?

[Tammissola] In all likelihood.

[HS] Does this mean you don't consider the issue very important?

[Tammissola] No, it doesn't. Because of the Tampere festival, vacations were shifted to so late in the season that the party machinery won't get going until the

beginning of August, and not really even then. This is the kind of issue, however, that requires the acquisition and discussion of lots of material if you intend to handle it in depth.

12327/9274

FRANCE

Rocard's Position Seen Unstable; Jockeying Described

35190092b Paris LE QUOTIDIEN DE PARIS
in French 20 Jul p 5

[Article by Judith Waintraub]

[Text] How long will Michel Rocard last? Bets are open in the PS, and the candidates to replace him are organizing for the prime minister's succession. Leading the pack in the race for Matignon Palace are Lionel Jospin and Laurent Fabius.

The most generous observers give Rocard until just after the municipal elections, while others are predicting that he will not survive this fall's major debates in Parliament. On the Socialist stock exchange, Rocard's stock is—already!—falling. It is true that Francois Mitterrand placed his prime minister back in the saddle during his speech on 14 July. But the good marks awarded to the head of the government for his handling of the conflict in New Caledonia are far from compensating for the de facto disavowal of the "opening-up" operation headed by Michel Rocard. The chief behind-the-scenes instigator of the hunt for centrists, the president of the republic was able to cover his tracks as soon as the wind turned. He did so both publicly, by putting a fast stop to the opening up, and more discreetly—but just as effectively—by his expressions of friendliness toward such "clarifiers" as Lionel Jospin and even Henri Emmanuelli, both of whom were warmly and personally congratulated by Francois Mitterrand after their outbursts.

That leaves Michel Rocard as the only one accountable for the "distress" officially expressed at party headquarters. And his troubles are not over: Disagreeing with the government's version of the bill covering the wealth tax, which is inseparable from the bill on the minimum wage, Socialist MP's are determined to do battle when Parliament reconvenes. Too bad if the prime minister's credit suffers as a result: "We have people standing by who can occupy the Matignon Mansion [official residence of the prime minister]" is the somewhat cynical statement at party headquarters.

That is certainly the opinion of Laurent Fabius and Lionel Jospin, both of whom are weighing the considerable advantage to be gained in a presidential race by being an outgoing prime minister. Each has his strategy. The former first secretary, in a strong position thanks to his hold over the party, is playing the ministerial card for all it is worth. Heading the government hierarchy—he is

first in seniority, ahead of Pierre Berezgoy—he is canvassing almost openly for the position of caliph, giving his opinion both privately and publicly on every important matter. In the PS, he has placed loyal lieutenants in strategic posts. With someone like Henri Emmanuelli as his number two man, Pierre Mauroy is in no danger of experiencing the loneliness at the top!

Laurent Fabius, on the other hand, still has to win the party over. The episode in connection with Lionel Jospin's successor was useful to him: he now knows that the Socialists are hard to win over and, especially, that Francois Mitterrand's blessing has lost its magic power. In the competition pitting him against Lionel Jospin, the speaker of the National Assembly has just scored an important point by becoming reconciled with Charles Hernu. Their reconciliation is not a trivial matter. By burying the Greenpeace dispute, Laurent Fabius has opened the way to an agreement with Francois Mitterrand's old guard. It was the former minister of defense who made the first move. Sickened by the multitude of conflicts within the Mitterrand group, he gathered the former members of Mitterrand's Convention of Republican Institutions—Louis Mexandeau, Louis Mermaz, Roland Dumas, and so on—and urged them to react. He claims that his reception was "very favorable." Assured of support by the "loyal members," Charles Hernu wanted the support of a "sabre." And it was Laurent Fabius whom he went to see instead of Lionel Jospin.

It is unlikely that the very cautious tenant of the Lassay Mansion will commit himself to the crusade started by Charles Hernu. But he has every interest in encouraging it discreetly. The fact is that strategically, the best solution for Laurent Fabius is to wait. Lionel Jospin seems determined to take Michel Rocard down a peg or two, so let him do it! That will leave only two competitors in the race for the Elysee Palace. And while the minister of education does the dirty work, the speaker of the National Assembly can even afford to display complete solidarity with the head of the government. Among Socialists, loyalty always pays.

11798

Stirn Interviewed: National Leftward Drift Seen

35190092c Paris LE QUOTIDIEN DE PARIS
in French 26 Jul 88 p 2

[Interview with Olivier Stirn, minister delegate of tourism]

[Excerpts] He is the only minister to have worked with three presidents of the republic. Opportunism? "No," he responds, "a will to make my actions and convictions correspond." Here Olivier Stirn, minister delegate of tourism, explains his political path to LE QUOTIDIEN DE PARIS.

[Question] Why did you leave the Right? Because it had moved to the right?

[Answer] I left the Right in the votes of 1981 and 1982. Often because my choices for society were identical to those of the Socialist Party: in connection with the death penalty, abolition of the military courts, and the Auroux Laws—something that no one challenges any longer. But the thing that did it for me—the basic reason—was the municipal election in Dreux. From the moment that an alliance with the National Front was formed, I owed it to myself to do my duty. So I joined the group of independents—and that was a difficult time on the fringe for me. To get back to your question, it is true that the Right has moved further to the right. Take the RPR: hardly any leftist trends of opinion are expressed there any longer.

[Question] Even Seguin...

[Answer] Seguin would certainly symbolize the image of Gaullism. But on average, the weight has shifted to the right. Even men such as Chaban have wound up moving to the right. And as far as I am concerned, that kind of RPR does not represent Gaullism. De Gaulle would never have agreed to alliances with the National Front, and he would never have pursued the policy on New Caledonia that was adopted by the previous government.

I believe that the mistake by that kind of Right was that it thought it could stifle the extreme Right by taking over some of the latter's themes. But it was the moderate Right which was contaminated.

[Question] What about the Left during that time?

[Answer] It followed the opposite path. It gradually abandoned its dogmatism, and it allowed the reformists to express themselves fully. That is why they are now very comfortable in the Socialist Party. And that is why I myself am completely happy politically. I was happy under Gaullism, then I went through a difficult period on the fringe—and at the time I thought about abandoning political life—and now I am working under a president of the republic and a prime minister who allow me to say what I think.

[Question] But isn't the opening up in danger of failing, particularly because of the sectarianism of one section of the Socialist Party which prefers to find its majority on the Communist rather than the centrist side?

[Answer] The opening up is not a question of political arithmetic. It represents a will to live together and to choose common priorities. The important thing, therefore, is not to tot up parties and men but to look at events and actions. In that sense, I believe that the policy being pursued by the current government is in itself a policy of opening up. After all, it is significant that six of Giscard's former ministers are participating in the implementation of that policy. As for the rest of it, we will see when each text is voted on. If people have the courage of their convictions, I am convinced that many of them will join us. The reshaping of France's political landscape is not over yet.

[Question] Would you say today that France is more to the left or more to the right?

[Answer] Until now, France has been considered a rightwing country. But now we are a leftist country. And one of Francois Mitterrand's historic achievements will no doubt be the fact that he reversed the traditional rule. I believe that we are moving toward a society in which the majorities on the side of progress will govern on a long-term basis. The Right will return to power from time to time, but only occasionally. So that kind of illegitimacy of the Left which was being propagated by some people on the right is disappearing.

[Question] Probably another point in Francois Mitterrand's favor will be his handling of this political time. Is it possible that there will be some realignments?

[Answer] Yes, that's true, and this time which has been given us may lead to gradual realignments. The elected representatives themselves must become aware that their voters are stirring.

11798

'Labeling' of Groups, Tendencies Within PCF
35190092a Paris LE MONDE in French 27 Jul 88 p 6

[Article by Olivier Biffaud]

[Excerpts] The makeup of the Communist group in the National Assembly has just been made official by the Constitutional Council. The group will have 25 members, including one ally: Ernest Moutoussamy, a deputy from Guadeloupe. The two Communist deputies from Reunion—Laurent Verges and Elie Hoarau—will continue as independents.

Mayors are the majority within that group at a time when the PCF, inhabited by extremely diverse sensitivities, is assigning great importance to its unitary and "unifying" message with a view to the municipal elections in 1989. The Communists, who are fond of applying very distinctive internal "labels," are being confronted with the "new wind" from the East, which is providing some air for "French Gorbachevians."

And the protesters have not been slouches themselves when it comes to applying labels. Party officials regarded as "interested only in their careers" and a tiny bit "workshy" are currently nicknamed "the Poles." That nickname says a lot about opinions regarding General Jaruzelski's regime. And since the 25th congress in 1985, the more sectarian militants have been known as either "ayatollahs," "Red Guards," or even "Khmers Rouges."

A detailed inventory of the labels currently in use within the party makes it possible to show that from the extreme periphery of the galaxy to its center, every state of mind within French communism has its avowed or tacit representatives. And each can be assigned a distinctive label.

At the farthest extreme from the "tables of the law," we find the "near compatibles." Originally members of the "Juquin committees," these "renovating" Communists are at odds with the party and are now more concerned with the "alternative" than with Marxism-Leninism. Still allied with the Trotskyites in Alain Krivine's Revolutionary Communist League, the members of Jean-Claude Le Scornet's PSU [Unified Socialist Party], and what remains of Jean-Pierre Lemaire's alternative leftist federation, these Communists appear to be a minority in their original movement. After organizing a national "wait-and-see" meeting in June, the Juquin committees have scheduled a conference for November. The purpose is to give political substance, finally, to the "red and green movement" advocated by the PCF's former spokesman.

The "renovators," who have occupied the center of the antiestablishment stage in the PCF for 4 years, have for the most part severed the political umbilical cord linking them to their original leader, Pierre Juquin. That step, which was decided on by the leadership bodies following the presidential election, has caused some stir in the rank and file.

Deprived of a party, the Movement of Communist Renovators (MRC) will also hold a conference 1 month before the "Juquin committees." The MRC—headed in particular by Claude Llabres, a former member of the PCF Central Committee, from which he was expelled; Maurice Kriegel-Valrimont, the only survivor of the "group"; and Robert Cremieux, former editor in chief of L'HUMANITE-DIMANCHE, from which he was fired—will run candidates in the cantonal elections, but it is currently conspicuous for the fact that it is marking time politically—a policy closely linked to a hypothetical clarification within the PCF.

"Rebuilders"

It should also be noted that some "renovators," particularly in Meurthe-et-Moselle, having tired of what they regard as "a sterile and marginal game," have definitely broken with the PCF, Pierre Juquin, and the MRC. This group, one of whose leaders is Denis Bonvalot, a former Communist representative of the CGT at the WFTU in Prague, is hoping to establish autonomous relations with the Socialists.

Still members of the party, the "rebuilders" form a constellation situated halfway between the protesters outside the party—the "renovators," who are watching them with interest—and the "Gorbachevians" on the inside—a new category that seems to be emerging on the

Central Committee. L'HUMANITE tried in no uncertain terms to ascribe to them the crime of "factionalism" even before they launched an appeal known as the appeal of the 54. That appeal took its inspiration from a text by Claude Poperen, a former member of the Politburo, a body from which he resigned in January 1987.

This wave of protest includes two generations of Communists: the "Thorez" group, some of whose members have been shunted aside into positions at the head of municipalities in the Paris suburbs, and men who benefited from Georges Marchais' rise to power. Its originality lies in an uncommon and fragile alliance which includes, physically or in spirit, historical figures from the "party of the executed."

These "rebuilders" make almost no secret of their meetings "in a communist town on the outskirts of Paris." Felix Damette, a modernist representative of that group and a former member of the Central Committee, from which he was officially removed at the latest congress for "political reasons," is undertaking to provide Initiative for Communist Reconstruction (IRC) with a background paper by this fall in which the crisis in the PCF and its operating problems will be discussed. He tackled that question in an article appearing in the latest issue of the magazine M, where he is a member of the editorial board.¹

The famous "Gorbachevians," who seem to believe that a model is a scientific tool that can be used (after it has proven itself) or rejected (when it tends toward perversion), have seized wholeheartedly on Soviet perestroika and glasnost. They are probably counting on a thaw and improved relations within the French party thanks to the wind of renewal blowing in from the East. Loyal to the party's operating principles, they have distinguished representatives on the Central Committee. Philosopher Lucien Seve, former Minister Anicet Le Pors, and historian Roger Martelli can be classed among those "extroverted Gorbachevians," whose speeches in the "communist parliament" sound like a resolute affirmation.

The former minister and secretary of the Central Committee, Charles Fiterman, and Politburo member Guy Hermier, who has been removed from the intellectual sector, seem more like "introverted Gorbachevians" whose discretion over these past few years has been equaled only by their political eclipse. They have had no wind in their sails.

Hovering on the edge of the "orthodox slough" constituting the bulk of the Central Committee are a few "disappointed" members who swing back and forth between stereotyped official pronouncements and the daring ideas of intellectuals in a manner reminiscent of Freud's "murder of the father." That register of disappointed love can be adopted just as well by former Minister Jack Ralite—an artist among artists—as by that

graduate of the Polytechnic School and official in charge of the economic sector, Philippe Herzog. At one time or another, both have been the target of outbursts by Georges Marchais.

Second Iron in the Fire

Within the "slough," whose members try as far as possible to grab on to the tactic of the moment, the "trade unionists" have always occupied a special place. Known for their firmness—not to call it more than that—Louis Viannet (member of the Politburo), Michel Warcholak, Gerard Alezard, and Therese Hirsberg—all leaders in the CGT and members of the PCF Central Committee—have tried in vain to wear down the authoritative power of that central union's secretary general, Henri Krasucki, who is also a member of the Politburo.

In the center of the galaxy is found what has been dubbed "the Marchais clan." Except for his political secretary Jean-Francois Gau, the secretary general's loyal followers are not legion. First among them is the man presented as his potential successor, organization secretary Jean-Claude Gayssot. He keeps company with the man in charge of the federations, Paul Laurent, and the woman who "keeps an eye on" the municipalities, Madeleine Vincent. It is said within the party that Francois Duteil—a good shot, like the party's top leader, and regarded as the probable successor to Henri Krasucki—is also part of that "team," on which Gaston Plissonier, administrative secretary of the Central Committee, to which he has belonged for half a century, plays the role of discreet patriarch.

Surviving outside the "clan" and the orthodox group are a few "fierce fundamentalists" whom one member of the Central Committee spitefully calls the "henchmen." Some are recruited from the Central Committee; a few others aspire to join that body, and good many of them are assigned to the Communist press, which is in the firm grip of Roland Leroy, editor of L'HUMANITE. Convinced that they are the possessors of revolutionary purity, they are no longer as noisy as they once were.

From "near compatibles" to "fierce fundamentalists" and including "Gorbachevians" and "trade unionists," the Communist groups bearing those labels are not all pursuing the same priorities. While the first-named group is participating in what has come to be called a "reconstruction" outside the PCF, the party's more dogmatic members seem to be losing momentum.

The new situation resulting from the legislative elections—marking the first stabilization of the PCF since 1981—is favoring the supporters of a unitary opening up as we approach the 1989 municipal elections. The fact remains that the PCF still has a second iron in the fire: social struggles through the CGT are going to keep up the pressure on the government. For better or for worse, "trade unionists" and "Gorbachevians" are going to have share center stage.

Footnote

1. Issue No 21, June-July 1988, 209 rue Saint-Maur, 75010 Paris.

11798

GREECE

Recent Reshuffling's Importance, Astuteness Stressed

35210125c Athens MESIMVRINI in Greek
22 Jun 88 p 6

[Article by Khr. Pasalaris]

[Excerpt] In the old days when A. Papandreou was working on his "doctorate" and his father was joining the Greek Rally of Marshal Papagos, the reshuffling of a government was a major move which was of great significance. For us journalists it was a news item next in importance to the proclamation of a general election.

Reshuffling meant that something was wrong with the government and it needed to be corrected. A minister who had been removed seldom went back to the cabinet again.

In the 14 reshufflings of the PASOK government, more than 100 persons went in and out, some 2 and 3 times so that no one could tell who was successful and who was not, or if the premier played for his own amusement games of delicate balances, or if he conducted a kind of psychological war to keep them all in a permanent state of alert, supplication and dependence!

In the Grandfather's Steps

Ten days before Papandreou took over the presidency of the European Community, one could have expected that the enigmatic and slightly sleepy premier would have "constructed" an aggressive national cabinet with the best and proven men of the Movement, some of whom he has deliberately pushed aside for good such as Lazaris, Simitis, Tritsis, Veryvakis, and Mangakis. And one would have expected that he would have strengthened the cabinet with non-PASOK individuals of wider national acceptance.

Instead, A. Papandreou took care of "family problems" by installing (apparently with some special "dowry") his known prince, George Papandreou, in the burning seat of the Ministry of Education, where two distinguished members of the party (Tritsis and Kaklamanis) had been recently burned.

Three Hot Spots

It is quite evident that Papandreou called back from the reserves certain individuals well versed in the ways of old-party shenanigans and deployed them immediately in three crucial spots:

- In the Ministry of Interior where much will be decided and more will be concocted, Papandreou put Giannis Skoularikis and Vimon Koulouri next to the satanic Tzokhatzopoulos. This is a troika which can guarantee an extra 6 percent in counting votes, not on the 18th of June [1989] as the premier said yesterday, but possibly much earlier.
- In the sector of Mass Media where the heavy electoral game will be decided, he recalled to service Dimitris Maroudas, an expert manipulator of the media and unrepentant pro-Papandreou archangel, who, together with Sotiris Kostopoulos, will step in the middle of the see-saw between Koskotas and the "Big Five" [publishers] to move the see-saw up or down on one side or the other, depending on the demands of this balancing act.
- In the sector of Public Safety and the secret service, a sector critical and decisive as much as the previous two, he placed the insignificant Sekhiotis who will "bow" to the trusted Sifis Valirakis and, like a new Joseph Fouché, will direct the Central Intelligence Service, YPEA, A2 [as published] and the Security Information Services, according to the evident or invisible interests of the party.

At Any Cost!

Conclusion? It is evident. Papandreou's fifteenth and last cabinet—the battle team as he called it—is in reality the most cunning and dangerous of all. Not because it includes worthwhile persons (the opposite is true), but because it seals the fissures, secures in a watertight manner the three critical sectors of the electoral battle, and, wearing a camouflage uniform, is ready for the unholy fight aimed at a third term at any cost!

We write these lines for the benefit of those who continue to expect the "inevitable" fall of PASOK and its "certain end" without any need to do something for it themselves!

7520/9604

Nepotism in Papandreou Government Seen Affecting Democracy

35210125a Athens 1 KATHIMERINI in Greek
3 Jul 88 pp 5, 7

[Article by Themis Anastasiadis]

[Excerpts] When the premier, minister of education, and apparent leader of the feminist movement in the same country are related in the classic fashion of father, son

and lawful wife, then we are entitled to assume we have a flagrant case of nepotism—unless it is...a terrific coincidence! But even House's Theory has its limits; we have to believe this is a case of nepotism. This is a very dangerous phenomenon indicating the paralysis of democratic functions and the invisible shift from parliamentarianism to totalitarianism. The case of the Papandreou family is a few steps beyond simple favoritism, since the concentration of power in the premier's family is not merely the result of personal favors but also the product of parastate mechanisms of power developed on the basis of family relationship.

If we had a few isolated incidents, the problem would be of lesser significance. But all that has transpired leaves no doubt that a family network has been grown around the premier which controls not only secondary procedures (hirings, transfers, options, promotion of interests) but also developments which are of decisive importance for the governing party, the government, and by extension, the country as a whole. The family relationship is above party or political considerations and what is good for the family prevails over every other criterion in decisionmaking.

The effects of nepotism on our democratic system do not require extensive analysis. Inherited power went out with the monarchy and survives in various forms only in more or less oligarchic or totalitarian regimes:

- In Third World dictatorships, African "democracies," Asian "socialisms" or theocracies, and Latin American-type regimes.
- In countries of "existing socialism" [Soviet Bloc] where, however, it is under the sword of periodic changes in leadership and "perestroikas," that is, the maneuvers used to conceal Communism's dramatic failure and to explain the errors of past leaders.
- In parliamentary systems where the democratic functions are adulterated by the presence in the government of parties with totalitarian tendencies and views—like PASOK—which methodically control all mechanisms, so that under the veil of legality they can promote deeply undemocratic structures aimed at their perpetuation in power.

The recent maneuvers designed to promote Papandreou's older son to the Ministry of Education using as "dowry" the settlement of the [secondary education teachers'] strike, show that PASOK's internal corruption and corruption of the government by nepotism is so advanced that now they do not even feel they have to be circumspect.

Very likely, however, they underestimate the reaction that may be caused within the party and the public by the arbitrary elevation of George Papandreou to a ministerial post. Politically, this is a doubled-edged sword for the following reasons:

—It reasserts A. Papandreou's intention of preparing, one way or another, his "successor" in the Movement after his withdrawal from active politics. These plans can only strengthen the tendencies for autonomy by the few strong personalities in PASOK who may aspire for a leading role after the Papandreou period.

—It embarrasses the Papandreou son, as a pawn, rudely made a politician by inherited right, while he himself [the son] had succeeded with carefully designed moves to create a positive image of broader acceptance both by the Left and the Center. In this regard, his elevation to the ministerial post did not offer him any benefit; neither did his unexpected "award" for promoting free radio stations.

The reasons that lead father Papandreou to ignore these evident disadvantages of the arbitrary and early promotion of his son have their roots in family rather than political considerations, to the extent they can be separated in this climate of intensive family control which affects political processes at the highest levels.

An equally characteristic case where nepotism prevails over democracy and importance is the so-called political activity of the premier's legitimate wife Margarita Papandreou. Her presence in the leadership of the Union of Greek Women [EGE] because she is the premier's wife (can there be any other reason?) is in comic contrast to the declared purposes of EGE and other similar organizations which presumably fight for the upgrading and recognition of women in a society where—presumably—men rule.

In reality, however, EGE, a paper organization which like the other feminist organizations is merely a party appendage, serves, in addition to carrying political propaganda for PASOK, other much more practical objectives. For many of those in-name-only "feminist activists," membership is their ticket for a civil service job or for advancement of their political ambitions. At times, the effects of this situation reached a tragicomic dimension as proven by the most recent incident where Kalipi Bourdara, a Margaret Papandreou protege, stated that she would accept the post of deputy minister of defense because there must be one more different point of view in the Armed Forces! Of course, these EGE ladies who aspire to lead the Armed Forces angrily rose against the drafting of women....

It will be interesting to see now to what extent the EGE presidency is tied to having the premier's wife in that post, in which case nothing rules out spectacular and amusing changes!

For nepotism to achieve political objectives two elements are historically necessary: the paralysis of democratic processes in and out of political parties and the cohesion of the ruling family. When one of these two conditions is not present to a satisfactory degree, then the results are uncontrolled...

Electoral System Scenarios Depend on Polls
35210125b Athens I KATHIMERINI in Greek
3 Jul 88 pp 5, 9

[Article by G. Tambakopoulos]

[Text] The polls will determine the timing and system of the next general election. This is apparent from the uncertainty with which the government and the premier's close circle of associates treat the subject.

It is certain the government has not yet decided whether to keep the existing electoral law or modify it. In any event, if there are any modifications, their extent will be "determined" by public opinion polls. Of course, it is understood that the premier will have the last word in deciding which system will be applied.

Before a decision is reached a team of government cadres will work on the subject. According to reports, Deputy Premier and Justice Minister Menios Koutsogiorgas will head the team.

Well then, instead of speaking today about finalized, specific proposals on the electoral system, it would be better, under the circumstances, to talk about possible scenarios the government may apply if and when it feels expedient. These possible scenarios may be developed as follows:

—In the event the government decides to keep the existing electoral law, the major change that may be introduced will be the increase of the 9 major electoral districts to 13; they will be commensurate with existing administrative regions!

It is argued that with the aid of smaller constituencies within the 13 larger districts the first party [the one winning more seats in the first distribution] will improve its chances in the distribution of votes and will gain more of the seats which were not won during the first distribution.

—In the event the government opts for another electoral system, its aim will be how to reduce the number of surplus votes that may be transferred to the second distribution. This system, too, will be based on the 13 districts. Reduction of undistributed votes will be achieved by increasing the quota from "plus one" to "plus two." This change will reduce the electoral quota and the first party will gain more seats, while the small political parties will also receive more seats.

This system is "close" to the recent statement by the premier himself, since it also "helps" the smaller parties which will, thus, have a more genuine representation [in the Chamber of Deputies (Vouli)].

Both of these systems are very dissimilar to the one applied in 1985. They are a "mixture" of simple proportional and the increased divider (plus two) as was applied in Italy, together with a mixed proportional system.

—In the event public opinion polls show that PASOK cannot win a majority of seats in Vouli regardless of any "electoral gimmicks," the government will opt for the system of "last resort." Such a system will have as its objective to prevent the New Democracy Party from gaining a clear majority of seats in Vouli. This can be achieved by strengthening the third party (KKE).

In the second distribution of votes, there will be no cumulative addition of the valid ballots received by all political parties in a major district. Instead, only the ballots not used in distributing seats during the first distribution will be added together. That is, only the undistributed balances will be added together. In this way, the electoral quota is reduced a great deal and the third party is the beneficiary. If such a system had been used in the 1985 general election no political party would have gained a majority of parliamentary seats.

We should keep in mind that in the event of spectacular changes, the system of crossing out names of candidates from party tickets may be advanced. Such a system has been proposed by PASOK officials. In this way, the "preference check mark" will be replaced by the "crossing out" system. According to reports, there is no chance that the check mark system may be restored. The crossing out system enables the voter to indirectly express his preference for certain candidates, except that instead of indicating the candidates they prefer, the voters will indicate the candidates they dislike.

The aforementioned electoral systems, however, require—at least the first two—great precision in public opinion polls. They also require mathematical calculations based on the polls so that with the minimum possible distortion they will be able to decide which geographic and electoral constituencies should be placed within each of the 13 major districts. In this fashion PASOK will appear as the first political party in calculating votes and seats for the second distribution.

And all this will be achieved with the aid of public opinion polls and electoral systems which will provide alternative solutions. Let us not forget that our electronic age is very helpful to any electoral machinations, especially when public opinion polls tell the truth.

7520/9604

ICELAND

Women's List Parliament Member on Strategy, Goals

36130083 Copenhagen BERLINGSKE TIDENDE
in Danish 4 Aug 88 p 2

[Article by Kirsten Sorrig: "Women's Conference: Iceland's Powerful Women"; first paragraph is BERLINGSKE TIDENDE introduction]

[Text] The "practical housewives" of Iceland's Women's List would become the country's largest political party if there were an election today. "Men have always told us we didn't understand economics. But we've run households far better than they've run the country."

Oslo—In a powerful, committed way, a group of Icelandic grandmothers is telling their younger Nordic sisters why they found it essential to found "Grandmothers for Peace."

A few minutes earlier, hundreds of Danish, Norwegian and Swedish women had vainly tried to get into an overcrowded room so as to be present when the Women's List quietly and unobtrusively conducted a workshop.

Quietly and effectively, Icelandic women are stealing the show at Forum 88, the alternative women's conference in Oslo. Which is precisely what they are doing back home. If an election were held today, the "practical housewives," as the Women's List calls itself, would get 30 percent of the vote and in so doing become the country's largest party.

"Yes, it's really wonderful," says Kristin Halldorsdottir, who has been in Parliament since 1983, the first time the Women's List ran. Then it won three seats, today it has six. And the opinion polls predict almost 20 for them if there were an election now.

"It's also a time for us to expand a bit more. Altogether 13 women were elected in 1987, which was a bit of a sensation. Up till then a total of just 12 women had sat in Parliament since the first woman was elected in 1922," Kristin Halldorsdottir says.

On Their Own Terms

About 800 Icelandic women are attending Forum 88, which says something about the major support the Women's List enjoys for its main objective: equality. But notice it is an equality not based on a male society's game rules:

"We don't just want to move into a house men have designed, built and set up. We want to establish one of our own, one we can feel at home in," Kristin Halldorsdottir says. "For example, we don't share the fun men experience from getting up and delivering big speeches to

big meetings after having ceremoniously been given the floor. We'd rather sit in a circle and discuss until we reach a common position. All too often the ditch digging men do leads to obstinacy which creates an obstacle for new ideas and progress."

The Women's List is neither feminist, socialist, centrist nor conservative. As such it is not easy to plot on the traditional political scale:

"We're very concerned about ecology. This is one of the things we've given highest priority to. We're destroying the whole basis of our existence and our children's future if the pollution and the ruthless exploitation of the environment are allowed to continue."

Peace is another special issue. One long-term goal is the removal of NATO bases from Iceland. At the same time the List is firmly and conservatively protective of the family and of traditional female duties. These are not just to be preserved, they are to be strengthened so practical housewifely skills can be used in a wider context:

"Men have always told us: You don't understand economics. But we can certainly see that they're really the ones who don't understand. For years we've managed household budgets far better than they've run the country's. It's time they learned something. For example, they can't ever make head or tail of the equal pay law. Despite the law, women earn only 59 percent of the average wage earned by men."

Eighty percent of Icelandic women work outside the home. They do so because one income is no longer sufficient to look after an entire family.

Airports Before Nursery Schools

"But the men who have run things till now have apparently not noticed this huge change. We have almost no children's institutions or recreation centers. And, worst of all: Most schools don't have a fixed, continuous day. On some days school starts at 0800 hours, on others at 0900 or 1000 hours. On some days children are in class for just 2 hours and after that they're left to their own devices. They can't eat at school either, so they're sent home to an empty house for lunch."

"As you know, economics is something that has to be given a priority. But men aren't all that smart about it. When we say: It's important for our children to have a continuous school day so they won't run around alone with their famous latchkey around their neck—the counterargument runs: That's too expensive. But a new, stylish, prestigious airport. That we just have to have. No discussion," Kristin Halldorsdottir says.

The Women's List was invited into the government after the last election. But after long deliberations they said "No, thanks." And they were sharply criticized. "How irresponsible. What a chance to let slip through your fingers...."

"Our condition was that an absolutely minimum annual wage of 50,000 kronur be introduced. You can't really live on less than that, but some women earn only 36,000. That's immoral. When that was simply rejected, we decided to wait until there were more of us. We didn't want to be part of the government just to sit there and have no sort of influence. Now that would be irresponsible."

Kristin Halldorsdottir is a teacher by training, has been the editor of a weekly paper for 5 years, and is married to a newspaper editor who every now and then writes an anti-Women's List lead story. However, their four children—three teenaged boys and one daughter—are all warm supporters of the Nordic countries' only true women's party.

"And I hope they stay that way, even when I leave Parliament after the next election," Kristin Halldorsdottir says. She wants to continue working full-time for the party, not just in Parliament. Indeed one element of the Women's List's philosophy is that members should have at the most two terms of office in Parliament, that the head of the party should be the head for only 1 year—and that they should take turns appearing before the media or going abroad when they have to represent the party:

"None of us is interested in being a prima donna. That wouldn't fit an electorate which is so broadly based. Women from all social classes vote for us. And at least one-third of our votes come from men."

12789/6091

PORTUGAL

Biographic Data, Comments on Cavaco Silva's Cabinet Group

35420116 Lisbon EXPRESSO in Portuguese
9 Jul 88 pp 32R-35R

[Text] In this the year that Cavaco Silva's promised reforms got underway, his ministers behaved differently. At one extreme we have Leonor Beleza's aggressiveness and on the other Silveira Godinho's circumspection. For various reasons, some secretaries of state also had high profiles.

Minister of Planning and Territorial Administration

Name: Luis Valente de Oliveira

Age: 51

Background: Bachelor's degree in civil engineering from the University of Porto, president of the Coordination Commission for the Northern Region, minister of education in the Fourth Government, minister of planning and territorial administration in the Tenth Government.

Style: He is very formal, composed in his speeches, maintains a technocratic outlook, does not seem to have sufficient determination to face the toughest and debilitating battles. There are even those who accuse him of a certain cowardice in these circumstances. The recent firing of Secretary of State for Scientific Research Arantes e Oliveira by way of a telephone call to him at the airport in Luxemburg, in addition to being incomprehensible, shows a style of action that is irreconcilable with the formality with which he normally couches his actions.

Action: When the previous government was formed, many of its expectations were centered in the Planning Ministry. This ministry was made to fit Valente de Oliveira. During the first Cavaco Silva administration, the best came out of this ministry—environmental policy and scientific research—and the worst—the medium term plan's proposals. Valente de Oliveira has kept only the least colorful secretary of state, Nunes Liberato, from his first team. However, worse than this, there is the impression that the great innovative projects are on the wane. The new water resources management model has met unexpected difficulties. There are no changes in the territorial regulation policy and the strange and inexplicable change of secretary of state for scientific research makes one fear the worst regarding the future of the JNICT.

Deputy Prime Minister and National Defense Minister

Name: Eurico Silva Teixeira de Melo

Age: 63

Background: Bachelor's degree in chemical engineering, professional career in several textile firms, minister of domestic administration in the Sixth and Tenth Governments, PSD vice president, state advisor.

Style: Relaxed, even inopportune at times. Reasonable capacity for dialogue. Independent spirit.

Action: He is a PSD "untouchable", one of the political advisors Cavaco Silva has to listen to, represents the north in the Executive. All of this, together with the old

political solidarity that unites him with the prime minister, makes Eurico de Melo one of the rare members of government who does not live in "fear" of possibly being reprimanded by the "chief".

This independence was proved during negotiations with the United States on concessions in exchange for the use of the Lajes base after months of having Cavaco Silva insist on the agreed upon economic compensation package being satisfied. Five years ago, Eurico de Melo met with Frank Carlucci for a few hours and decided to accept the arms that the American government was offering instead of the money owed.

This type of gesture eases the minister's relationship with the military hierarchy. However, this relationship has been punctuated by a few shocks, particularly at the time when military pay was being raised (smoothed over by the president of the Republic). There was also the time when the minister accused General Fausto Marques of "irresponsibility" in investigating the death of the commandos in Santa Margarida.

Secretary of State for the Environment and Natural Resources

Name: Jose Macario Correia

Age: 31

Background: Bachelor's degree in agronomy and landscape architecture from the ISA, master of science in rural economy, doctorate in environmental engineering, president of the National Park Service and Nature Conservancy.

Style: He is first and foremost an environmentalist, an administrator who got his first test under fire with the "operational" command of the first demolitions of unauthorized dwellings. His solid technical background, determination and hard work, even greed, does not give those who work with him even time to breathe. At times, however, he seems to want to put out too many fires at the same time in a helter-skelter way.

Action: It was not easy to take this job after Carlos Pimenta had had it because a comparison with this strong personality would have been inevitable. Despite the fact that he is a friend and cooperates with his predecessor, Macario Correia naturally has a different style. He is more clumsy and less subtle but those who thought he would be more amenable to certain economic interests were wrong.

After a period of strong assertion, during which it stopped being a marginal sector that was merely tolerated by the government, environmental policy needs, above all, to take a great leap forward. The demolitions proved that it was possible to act. Now it is necessary to prove that we can manage our natural resources. Now, in this area, changes in the ossified water resources management seem to be on the wane.

Minister of the Presidency and Justice

Name: Joaquim Fernando Nogueira

Age: 37

Background: Law degree from the University of Coimbra, secretary of state for regional development in the Ninth Government, assistant and parliamentary affairs minister in the Tenth Government.

Style: Gracious and charming, he is considered a good negotiator. Some groups in his party even accuse him of being too conciliatory when negotiating with opposition parties.

Action: As a member of the government's political circle—together with Eurico de Melo—he was one of the first members of the government to have to back down on one of the bills (the one concerning judicial costs) presented to the Assembly of the Republic. He later confronted the lawyers' anger when he forced them to pay the VAT. However, he has managed to achieve a certain amount of peace during the last few months.

Charged by Cavaco Silva with the negotiations on the constitutional revision, he once again returned to his milieu. He and Antonio Vitorino of the PS have been fine tuning the points on which the socialists and the social democrats differ. He does it without a great deal of clamor, but he apparently obtains good results.

Minister of Domestic Administration

Name: Jose Antonio Silveira Godinho

Age: 45

Background: Bachelor's degree in finance, assistant in the ISCEF (1967/77), staff employee and manager of various banks, secretary of state assistant to the minister of finance (Cavaco Silva) in the Sixth Government, secretary of state for finance in the Seventh Government, and secretary of state assistant to the defense minister in the Tenth Government.

Style: Super discreet.

Action: He prepared the law on elections to the European Parliament, resolved the problem of new salaries for security forces personnel, stifled the problem surrounding the demands for a union by PSP personnel, stopped the "war" among the different intelligence services from reaching ridiculous proportions. Despite this, the majority of the public does not know his name nor does it recognize his face.

He is a family friend of Cavaco Silva, with whom he was a schoolmate. Silveira Godinho is champion in escaping from government wear and tear. Could this be a case of

political inaptitude? Or is this the result of a strategy of conserving his image, foreseeing his transfer to a "livelier" ministry?

Minister of Parliamentary Affairs

Name: Antonio D'Orey Capucho

Age: 43

Background: Management activity in family business, a full time politician since 1974, president of the PSD's Parliamentary Group from 1984 to 1986, secretary of state assistant to the prime minister in the Seventh and Eighth Governments, minister for the quality of life in the Ninth Government.

Style: He has great ability for dialogue and capacity to get things done behind the scenes. He is a typical example of the political professional who survives all change. Antonio Capucho has an apparently easy position. Everything plays in his favor: from his great knowledge of the Assembly of the Republic to the government party's clear parliamentary majority, from the opposition's inertia to the good relations with various personalities of the parties to the left and right of the PSD. He only has one small problem: the social democratic parliamentary group. Capucho and Correia Afonso seem to speak different languages, and this lack of harmony has made the minister's task more difficult.

Despite this, Capucho continues to cement his influence with Cavaco Silva and participates in defining the government's political strategy. Furthermore, he likes to be near the leader. That is, until the moment he starts to receive signals that it is time to "abandon ship".

Foreign Minister

Name: Joao de Deus Rogado Salvador Pinheiro

Age: 43

Background: Bachelor's degree in chemical engineering from the IST [Higher Technical Institute] of Lisbon, master of science degree from the University of Birmingham, full professor at the University of Minho where he was elected president in 1984, secretary of state for educational administration in the Eighth Government, minister of education in the Ninth and Tenth Governments, foreign minister in the Eleventh Government.

Style: He took to Necessidades the same sort of roll-up-your-sleeve, modern and dynamic air and straight talk he had in the education ministry. This makes him vulnerable as the head of Portuguese diplomacy. He has a reputation as a "bon vivant" and does not deny it. He cultivates an image as the government's "enfant terrible" which has brought some internal and external disappointments in his duties as the representative of the Portuguese state.

Action: The two main successes of Portuguese foreign policy have bypassed him. Africa is Durao Barroso's domain. The two of them have kept up a war of silence since the beginning of their cohabitation in Necessidades. The negotiations with the EEC are the work of a group of ministers. From the beginning foreign policy in general became an area where Cavaco Silva wanted to

make his own imprint in order to establish his international image, which practically did not exist. Deus Pinheiro was, as a result, apparently left with little working room. In the more controversial subjects such as Timor and Lajes he shared the hesitations and gaffes that the government made with the prime minister.

Minister of Finance

Name: Miguel Ribeiro Cadilhe

Age: 43

Background: Bachelor's degree in economy from the University of Porto, attended the London School of Economics, managed the research department at the Banco Portugues do Atlantico, secretary of state for Finance Minister Cavaco Silva in the first AD Government, minister of finance in the Tenth and Eleventh Governments.

Style: His is an unmistakable style of a finance professor who does not allow criticism and who gives parliamentarians lectures. This made him disliked in Lisbon and in political circles from the moment he joined the Cavaco Silva government. His obscure and closed language, the terms he "creates" to describe the economy's behavior, do not make him look ridiculous only because his knowledge of economics and finance is recognized.

Action: The stock market setback and the so-called SONAE case (where he became directly involved due to his connection with the BPA [Banco Portugues do Atlantico]), strongly eroded his credibility among economic agents in general. It can be said that he won the battle by controlling inflation, although the latest indicators (especially consumption pressures) indicate a slight slide. There are those who, notwithstanding, contest the interpretation of the major macroeconomic data and who still recall today that he, as soon as he arrived in Lisbon in 1985, earned a strong dislike because he eliminated the departments of state where data was collected and independent studies were made on the nation's economic evolution.

This ministry now has little credibility among the economic partners and it is one of the main "modifiabiles" of this government.

Secretary of State for Foreign Affairs and Cooperation

Name: Jose Manuel Durao Barroso

Age: 32

Background: Law degree, assistant professor in the UL's school of law, post graduate studies in political science at the University of Geneva, secretary of state assistant to the minister for domestic administration in the Tenth Government.

Style: Cavaco Silva continues to sponsor the apprenticeship of this Maoist turned social democrat. He suffers from some of the same defects as his mentor, namely a lack of modesty.

Action: Durao Barroso entered the foreign ministry arrogantly and left no doubts among those who work there that he would be Cavaco Silva's watchdog in Necessidades.

An important piece in the strategy of "foreign minister by interposition" sketched by the head of government, Durao Barroso emerges in public opinion as the key person in the most dynamic area of Portuguese foreign policy: relations with Africa.

The direction that Durao Barroso (or Cavaco Silva?) imposed on relations with Africa put him in confrontation with several PSD members of parliament, and more subtly, with the foreign affairs minister.

Secretary of State for Fiscal Affairs

Name: Jose de Oliveira Costa

Age: 53

Background: Bachelor's degree in economics, director of credit inspection for the Bank of Portugal, president of the Portuguese Financial Society, member of the Social Security Financial Management Institute, vice president of BPSM, administrator of IMOLEASING, secretary of state for fiscal affairs in the Tenth Government.

Style: A technocrat with little personality, he is discreet and has some difficulties with relationships.

Action: Led the truce campaign with taxpayers who were in arrears with their taxes and he was in the midst of one of Cavaco Silva's best loved structural reforms: fiscal reform. He came out looking good from both of these tasks. In the case of the fiscal reform, he relied on the work done by the independent commission created to deal with this issue. He avoided controversy up to the moment when the finance minister interfered in the process.

He committed the grave mistake of thinking he had carte blanche from Miguel Cadilhe. In the absence of the minister, he sent a bill to the Assembly of the Republic. Cadilhe ordered the bill withdrawn, introduced changes (penalizing salaries and removing penalties on capital) and submitted it again to Parliament.

Oliveira Costa was stripped of authority in public but did not resign.

Minister of Agriculture, Fisheries, and Nourishment

Name: Alvaro Roque de Pinho Bissaia Barreto

Age: 52

Background: Bachelor's degree in civil engineering from IST, director of LISNAVE, administrator of SETE-NAVE, TAP, and SOPORCEL, minister of industry in the Fourth and Sixth Governments, minister for European integration in the Seventh Government, minister of commerce and tourism and later agriculture in the Ninth Government, minister of agriculture in the Tenth Government.

Style: He defines himself as a manager, a technocrat, and denies the idea that he is following a political career. He has good decision making ability, is an eminent negotiator who has been tried and tested in Brussels.

Action: A chronic member of successive governments, Alvaro Barreto has built up an image as a good administrator. The great question lies in whether he is the administrator of change and modernization that our agriculture requires. Apparently his ministry is moving and he has been able to begin changing its ankylosed structures. Meanwhile, thanks to EEC channeled funds, there is lots of money. Since September 1986, when we began to use the structural funds, community investments have reached 40 million contos. This represents an investment in agriculture that is greater than 100 million contos. This is five to six times greater than what was being invested just 3 years ago.

Having understood that, in terms of agricultural policy, more is already decided in Brussels than in the Terreiro do Paco, he applied the best of his efforts to community negotiations, an area where he is very skillful.

He was able to have the agriculture package approved, at least until there is a decision from the Constitutional Court on the Agrarian Reform Law (if the president of the Republic asks for this judgement) which should only take place around October.

Minister of Industry and Energy

Name: Luis Fernando Mira Amaral

Age: 42

Background: Bachelor's degree in electronic engineering from the IST, graduate studies in economics, general director of educational material, president of the Social Security's Financial Management Institute, minister of labor in the Tenth Government.

Style: When he became labor minister in the previous government, many people said that he would have preferred to become finance minister. Now, on taking over industry, he has witnessed the escape to the finance

ministry of some public enterprises he had headed and which could be sold to the private sector. He is a hard worker, but he does not hide a certain fancy for being "columnable", the leadership of the PEDIP was the cause of his longest conflict within the government (with Planning Minister Valente de Oliveira).

Action: The good atmosphere he had created as minister of labor, namely the capacity for dialogue he had shown, seemed to cast him for this job. However, his entry into this ministry had a difficult beginning because it had been divested of responsibilities. There was even talk at one time of making it viable again. Mira Amaral latched on to the PEDIP as if it were his port in a storm. With the help of that line of credit he could define an industrial policy; his industrial policy. This is now his greatest challenge.

Minister of Employment and Social Security

Name: Jose Albino da Silva

Age: 38

Background: Bachelor's degree in economy from the University of Porto, a degree in public administration from the Institute of Social Studies in the Hague, president of the Northern Region's Planning Commission, secretary of state for regional and local administration in the Fifth and Sixth Governments, secretary of state for planning and regional development in the Tenth Government, member of the PSD's National Political Committee since 1986.

Style: Within the PSD, he is accused of being overly conservative. Generally, it is said that he has an overly "northern" mentality in labor relations matters. Energetic style, straight forward, pragmatic to excess. This employment minister, technocrat, has as a main disadvantage a lack of political subtlety and the distance between him and labor unions.

Action: He has the ungrateful task of going ahead with the (frustrated) process of carrying out the new law on dismissals. Advised, it was said, by overly conservative lawyers, some connected with the CDS, he left to fight the main battle of this government armed with positions that were practically unacceptable to the unions. He was not always up to the level of the UGT leader's negotiating and political skills. Apparently, he was not capable of foreseeing the obvious unconstitutionality of the bill he presented to the Assembly. He discreetly put the position at Cavaco Silva's disposition after his package was "flunked" by the Constitutional Court.

Secretary of State for Energy

Name: Nuno Manuel Franco Ribeiro da Silva

Age: 34

Background: Bachelor's degrees in civil engineering from the IST and economy from the ISE, masters degree in political economy and energy planning from the Technical University of Lisbon.

Style: Independent, very determined, he came to the government ready to put into practice the ideas he had defended during the debate over the national energy plan where he became prominent among the antinuclear proponents. As a result, he engages in each battle with the passion of the idealists. He is not in this state secretariat to merely manage the day to day: He is there to change it.

Action: He had barely finished becoming a member of this government and he already had an old difficult problem to resolve: the possible closure of the Portuguese Electric Oven Company. He did not give in and he did not supply cheaper energy. Afterwards, he intervened in Porto to settle the electric rates issue which had dragged on for almost a decade. He is now preparing himself to confront a giant named EDP and to introduce natural gas in Portugal. All of this plus the reformulation of the national energy plan.

Despite his youth and not being a PSD militant, thus not enjoying the support of its organizations, Ribeiro da Silva has been able to impose himself among this sectors old leaders, who respect him.

Secretary of State for Employment and Professional Training

Name: Antonio Jose Castro Bagao Felix

Age: 40

Background: Bachelor's degree in finance from the ISCEF, university assistant professor, secretary of state for social security in the Sixth, Seventh, and Eighth Governments.

Style: Conservative. Remained in the government and in the CDS even after this party, once again led by his friend Freitas do Amaral, began to openly oppose the government. There are even those who see him as a "Trojan horse" of the centrists in a particularly sensitive area for this government. Were we not in the ministry responsible for the "labor package".

Action: He wanted to go in impetuously and he had not yet had time to warm his chair when he was already denouncing cases of corruption in the admission procedures for the European Social Fund. However, the

mountain seems to have become a molehill. Few culprits were discovered in the midst of so much corruption and the operation ended up shaking Portugal's image in Brussels.

Despite the fact that he is a reputed specialist in social security, Bagao Felix does not seem to feel very at ease in this position at the head of the important professional training sector. As a result, he is creating a position that is more than technical, it is political. He certainly has other ambitions.

Minister of Education

Name: Roberto Artur da Luz Carneiro

Age: 41

Background: Bachelor's degree in chemical engineering from the IST, secretary of state for education in the sixth government, secretary of state for local and regional administration in the Seventh Government.

Style: He is generally presented by his friends as being one of the most intelligent persons they have ever known and his brilliance is perceived when we first meet him. Thus, and because he has a plan for the sector he leads, he is perhaps the member of the government who is ready to talk and hides least in intransigence.

Action: Roberto Carneiro entered the government with his right foot when he saw the opposition applaud his speech during the debate on the government's program. He proceeded even better once the challenge of the first day of school was over. He then fell silent and began to prepare reforms that, all indications are, may mold the educational system in such a profound way as did the "Veiga Simao Reform".

Battling on several fronts—the reorganization of a mastodontic and almost ungovernable ministry, lack of educational success, professional careers, schools in bad state of repair—the minister also has to face the already declared war by certain sectors of the PSD who do not forgive him for having come from the CDS and, most of all, for not satisfying certain constituency desires. However, Cavaco Silva, cannot do without this "star" in a government where they do not abound.

Minister of Commerce and Tourism

Name: Joaquim Martins Ferreira do Amaral

Age: 43

Background: Bachelor's degree in mechanical engineering from the IST, secretary of state for the mining and refining industries in the Fifth Government, secretary of state for European integration in the Seventh Government, secretary of state for tourism, and minister of commerce and tourism in the Ninth Government.

Style: Straightforward in his positions, had to surpass (by winning them) two contentious situations within the government: the one which put him in opposition to his own secretary of state for tourism, Licinio Cunha. This

situation dealt with the proposal of granting gambling concessions through open bidding. There was also the one in which he squared off against the secretary of state for fiscal affairs because of the automobile taxes and the protection for the national car industry (meaning Renault).

Action: The success of the negotiations with Spain, where he obtained, in good measure thanks to the work of his secretary of state, Horta e Costa, an agreement that was unbelievable just two years ago, is the most important point of his work. On the other hand, as a relative failure, we should note the poor results of the effort to reduce the trade deficit with Italy.

However, Ferreira do Amaral was able to, while managing a sector that is strongly conditioned by the government's macroeconomic policy, surpass certain liberal preconceptions in matters of trade, which took root at the time of the central bloc, and help to bring about the first compensation "trading" deals. The same pragmatism that won here also made it possible to obtain a considerable improvement in our trade relations with Portuguese speaking African countries and with eastern bloc countries with state economies.

Minister of Public Works, Transportation, and Communications

Name: Joao Maria Oliveira Martins

Age: 54

Background: Bachelor's degree in civil engineering, professional career in firms and organizations connected with the transportation sector, secretary of state for transportation in the Marcelo Caetano government (1970-74), public works, transportation and communications minister in the Tenth Government.

Style: Discreet and efficient technocrat who apparently does not have great political ambitions. Good relationship with the bureaucratic machinery under his leadership.

Action: Oliveira Martins has the rare knack of knowing how to choose when not to put himself in the limelight. In the last few months, almost no one heard speak of him and as a result almost no one recalls the suspicion surrounding his action in the digital exchanges or the Sines terminal cases. Also, almost no one remembers that he was the one who decreed the requisitioning of the public transportation workers.

Oliveira Martins continues to manage a cumbersome organization that has been frankly restored to life by the generous injections of community funds. TAP continues to modernize, the project to modernize the rail network is on course, the construction of new roads was accelerated.

Secretary of State for Tourism

Name: Licinio Alberto de Almeida Cunha

Age: 54

Background: Bachelor's degree in economics, director of economic studies with BPSM, member of ENATUR, president of COSEC, president of the Costa do Sol Tourism Board, secretary of state for tourism in the Fourth, Fifth and Tenth Governments.

Style: Very close to the tourism industry, will at times be tempted to confuse the interests of the state with those of the industry.

Action: Transferred from the prime minister's staff to the new Ministry of Trade and Tourism, Licinio Cunha lost the freedom of action he had and came under the leadership of a minister who maintains a certain degree of distance from the large tourism groups.

Conflict was inevitable. The gambling licences in the Espinho and Póvoa areas was the reason for it. The secretary of state wanted to renew the current licences while the minister wanted to have open bids. Licinio Cunha protested, used influence, he reportedly even complained to Cavaco Silva and threatened to resign. He put up a strong armed resistance to the minister. He lost and did not hand in his resignation.

Licinio Cunha's behavior is perhaps proof that certain sectors of the economy should not be headed by people who come from those industries. Tourism would be one of them. It is difficult for anyone who gets entangled in its web to free himself from it.

Minister of Health

Name: Maria Leonor Couceiro Pizarro Beleza

Age: 40

Background: Law degree, assistant professor at the UL's School of Law, staff member of the Commission on the Feminine Condition, secretary of state for the office of the prime minister in the Eight Government, secretary of state for social security in the Ninth Government, minister of health in the Tenth Government.

Style: A bad impersonator of Cavaco Silva. Emotional and sheds tears easily. Has her own very personal concepts of what a dialogue or a negotiation is.

Action: With the recent reopening of dialogue with the Medical Association, Leonor Beleza may have at the last moment saved herself from reaching the point beyond which her leadership of the ministry of health would become difficult to maintain. The return to the negotiating table has the underlying recognition that her strategy in confronting the medical class failed. And the

minister's propensity for confusing determination with stubbornness—and the rumors of a mediation between the ministry and the medical association by Fernando Nogueira—lead to the likelihood that the solution was imposed on Leonor Beleza by the political strategists in the government. If this was the case, the minister's star (which shines so brightly among the party grassroots) may be in a phase of dimming among the decision making circles.

Assistant and Youth Minister

Name: Antonio Fernando Couto dos Santos

Age: 39

Background: Bachelor's degree in chemical engineering, CUF employee, secretary of state for Youth in the Tenth Government.

Style: Discreet, amenable to discussion, and accessible. Good relation with the majority of the leaders in the sectors under his responsibility.

Action: His action in the previous government justified his promotion to minister and created many expectations. One year later, one cannot but note that Cavaco Silva's gesture of recognition had something of a "poisoned present" effect to it.

Overcharged with areas of responsibility (youth, mass media, commemoration of the discoveries, commemoration of 10 June, administrative modernization), Couto dos Santos ended up not making any significant imprint on any of these areas and he lost political power.

Youth seems to continue to be his major preoccupation, but as minister he has not added a single measure to the 25 he issued as secretary of state. In the area of mass media, the preparatory work for the privatization of newspapers and liberalization of radio have already surpassed the timetable set by the government. However, the great blot on his activity was the controversy surrounding the Commission for the Commemoration of the Discoveries.

Secretary of State for Health Administration

Name: Fernando Jorge Duarte Costa Freire

Age: 42

Background: Bachelor's degree in mechanical engineering, career in firms connected with his area of expertise in Portugal, Spain, Bahrain, and Abu Dhabi.

Style: A technocrat through and through, Costa Freire is Leonor Beleza's right arm and perhaps the only member of the government who rivals the minister of health in taking controversial positions.

Action: The secretary of state for health administration jumped to the first pages of the newspapers when it was revealed that while he was a representative of the firm PA Management that managed the Restelo Hospital, he recommended the purchase of materials from firms in which he had an interest. The purchases were made without prior open bidding. This is a practice he will continue to use now that he is in the government.

Those who know him say that behind this type of attitude there is a deep contempt for the bureaucracy and even for the state. They add that the only gain Costa Freire wants from his passage through government is the experience of managing a business that deals with many more millions than the firms he has already worked for.

Secretary of State for Culture

Name: Teresa Patricio Gouveia

Age: 42

Background: Bachelor's degree in history from Lisbon's Liberal Arts College, high level bureaucrat with the secretariat of state for culture, secretary of state for culture in the Tenth Government.

Style: Discreet, almost timid, she has the advantage of knowing all the "nooks" of the organization, Teresa Gouveia has been able to avoid many of the conflicts that are typical of this sector. Even when her services became involved in a controversy with the mayor of Lisbon, she always managed to prevail despite her avoidance of getting into consuming public debates. However, she lacks passion and ambition.

Action: During her first passage through the Executive, in the previous government, she published the arts protection law, a measure of support for culture that had been desired for a long time but which had always collided against the reticence of successive finance ministers. This made her one of the members of the government with the best rating among in public opinion.

The question now is in knowing if, in the aftermath of this law, the state will renege on its services. That has not happened until now, on the contrary the budget grew at a good rate. Priorities were even established for providing assistance and projects to collaborate with television have emerged as well as a pledge to relaunch the IPPC under new management. It is, furthermore, through the IPPC that one of the largest investment projects in the area of culture in the last decades is being made: the construction of the Belem Cultural Center.

Meanwhile, Teresa Gouveia seems to be able to react better to outside stimuli and the ideas presented to her than in being capable of her own innovative strokes.

09935

Rivalries, Inefficiency of Intelligence Services Noted

35420112c Lisbon *TEMPO* in Portuguese
23 Jun 88 p 25

[Article by Jose Mateus]

[Text] The "secret agencies" are not doing well in Portugal. Duplication of functions, overlapping and lack of understanding between civilian and military agencies are our everyday fare. No one seems to understand what is going on in the midst of this confusion and the results are obvious: The highest levels of the government are still poorly informed, they do not have adequate information to make correct decisions in a timely fashion and Portugal continues to be a country that is open to the forays and adventures of all the "007's" and apprentices in the business. In the meantime, the private "secret agencies" are proliferating out there, where "specialists" coming from the public "intelligence" sector are growing in number.

The murder of Evo Fernandes, following the adventure stories of Capt Queba Sambu, and of the daring episodes carried out in Portugal by the DISA and the DIP of the MPLA-PT, without overlooking the shocking case of the murder of an OLP diplomat and the sad story that followed it, nor the impudence of the employees of the GRU and KGB who have the status of employees of the Russian embassy in Lisbon, plentifully demonstrate that all the "secret agents" of the world are passing at will through Portuguese territory and are committing with impunity any type of crime they may wish, from violation of privacy to murder.

Facts of various types, from political decisionmaking to problems like that of Bishop Trifa of Romania, show that the Government and the highest authorities of the state are suffering from a lack of information and that, frequently, they make the wrong decision and they make it at the wrong time, for that reason.

Along with all these inadequacies and inefficiencies, there is also a true inflation of "intelligence services" in Portugal. This inflation, lack of coordination and rivalries are so great that they cause them to get entangled with each other, as occurred even recently.

The Condition of the Services

The SIS has a few dozen men and its operating chart is yet to be established. As occurs with any service of this type, anywhere in the world, the first years are always years of very low productivity. The SIED, a basic service in any modern state, since it is concerned with strategic defense intelligence, a subject that goes from the trends in the value of the dollar to the changes in military doctrines of both enemies and allies, purely and simply continues not to exist, except on paper.

It seems that the only thing that is working is the DINFO, the military intelligence service, or should we say the military's intelligence service? The difference here is not merely one of semantics, but rather of design and it has provoked serious frictions in services of this type.

Some people believe that the military should not step beyond the military domain, limiting the universe defined for the gathering of intelligence, but the military people involved in intelligence tend to "go for everything," as long as they have the capability of doing so. Moreover, there are some who say that despite everything, it is this tendency of the military people that has been useful to us! The exit of Serradas Duarte, however, probably contributed to diminishing the operational utility of the military.

Serradas Duarte was the man who made Ramalho Eanes the best informed Portuguese politician. In fact, as long as Ramalho Eanes was in the footlights he was the best informed man in Portugal and if he hesitated in making a decision it was not because of a lack of information.

In this way, Serradas Duarte earned a reputation as an "Eanist," due to his privileged relationship to Eanes as president of the Republic; and besides, both men were in the military. With the fall of Eanes, Serradas Duarte saw that his position was affected. Along with Eanes, obviously, many Eanists fell from their confidential positions in the civilian and military spheres. Serradas Duarte came to be looked upon as a rare example, a survivor of the golden age of Eanism.

As an anticipatory maneuver, before being fired, Serradas Duarte quit and was replaced in the command of the DINFO by Col Diogo, an operating military man, coming out of the "special operations" area and still not very experienced in "intelligence."

In the meantime, even if this lack of experience had an influence on the productivity of the DINFO, the military men continue to be the best in the field of intelligence gathering and processing. Thus, Gen Lemos Ferreira, the chief of the General Staff of the Armed Forces, took over Eanes' place as the best informed man in Portugal. At times, it is even possible to hear complaints from people in Belem and S. Bento, saying that the president of the Republic and the prime minister are frequently the last to know.

Serradas Duarte did not have any difficulty landing a job. In his highly specialized profession, unemployment is not common. The former head of DINFO immediately found a spot in a security firm, a branch of a multinational firm specializing in this area. Some people are even saying that before he left DINFO he had already had the invitation in his pocket, which had been addressed to him by Maj Aparicio, another man from the intelligence and security area who went over to the

private agencies in the times of Sa Carneiro. Serradas Duarte is not, moreover, and far from it, the first "specialist" that Aparicio has invited over and wooed into the private sector.

This accumulation of "specialists" coming from the state's intelligence services in private security activities within the framework of multinational firms, gives rise to the question of how to know what is going to happen with the private "secret agencies." Apparently, no one knows how to answer this question. At least, this is the case of the responsible politicians to whom the question was posed, who, at best, showed that they were concerned.

Some people are saying with tongue in cheek that the best thing would be for the Portuguese state to contract with the head office of a security firm, one of those that are recruiting here in the public sector, in order to obtain some information about what is happening out there.

13331

Events, Personalities Emerging From PSD Congress Reviewed

35420112b Lisbon TEMPO in Portuguese
23 Jun 88 p 13

[Text] The most notorious fact coming out of the Congress seems to us to be the huge number of people who abstained from voting, even in the most important votes. Both for the motion submitted by the CPN and for the election of this same committee and the other leadership organs of the party, there were more abstainers than voters. More Congress attendees abstained from voting for Cavaco Silva than the number who did vote for him. PSD members, as so many admitted to us, feel that their vote had no meaning, that everything is "baked" in advance at high levels—with practically no hearing for the lower levels—and that the "dictatorship of the higher levels and of their followers does not leave the slightest operating margin for creating any alternatives whatsoever (besides the fact that it is dangerous even to dare to hint at an attempt to form alternatives). And an important adviser told us in this regard: "The worst thing is that this kind of 'Mexicanism' affects the country itself! Moreover, I believe that, as things appear to be going, in the coming election the biggest winner will also be the abstaining Portuguese voters, since even here they didn't want to vote for Cavaco, and because, within the range of Portuguese parties and their respective leaders, there is no alternative to Cavaco, just as there is none inside the PSD."

- At the end, Balsemao, like Salgueiro, Miguel Veiga, Carlos Macedo and other "critics" of the current leadership, did not go to the Coliseu dos Recreios. This was widely noted and commented upon. Balsemao still has many (and many more) fans in the party.
- Marcelo Rebelo de Sousa, wearing "kid gloves" (which disappointed some of those present), offered

some important criticism of the party and the government: the fact of having put structural reform laws before the constitutional revision, such as: "Without the reform of the State, the laws will be nothing more than dead texts, economic prosperity will trip over local leaders and bureaucracies that cater to interest groups and which are sometimes incompetent; current management will run into the subtle alliance of the interest group associations, and will trip over a publicly established dukedom."

- Much noted was the criticism by Angelo Correia in his speech against Pacheco Pereira, when he stated that the PSD was and must continue to be essentially a party of the people and not an elitist party, as Pereira predicted (for the first time in an interview in TEMPO). In the meanwhile, in an analysis of the present situation, which as usual was a very good one (Cavaco listened very attentively), Angelo took advantage of the moment to add an aside that "lit up" the audience: "The State implacably places its full weight on the citizen when he owes it something. But if the citizen wants something from the State, the citizen is powerless and cannot get the State to pay him what it owes him."
- Alberto Joao Jardim gave his usual "show." He berated the UGT and foresaw the creation of an alternative union group. But the most attractive part of his speech was the "mea culpa" when he beat his breast, referring to his initial distrust of Cavaco Silva. He confessed that it was true, that he was mistaken and that Cavaco, in fact, is "the greatest." In the meanwhile, with a flaming attack against the "socialist fiefdom" (or did he mean "Soarist"? of Macao, some people were left thinking that, if it so happens, he has still not totally lost hope of becoming the PSD's presidential candidate.
- Armenio Santos complained, before an audience that strongly applauded him at the time, that despite the fact that the PSD's supported both the Government and the CPN of the party, the r leaders are having a harder time contacting or being received by party and government leaders than any socialist leader of the UGT.
- Mendes Bota was one of the "political" losers of this Congress, but one of its "popular" winners. Hundreds of Congress attendees complimented him (but most of them as discreetly as possible), for his courageous and brilliant speech and for the scope and clarity of his motion. And we heard an outstanding Congress attendee tell him: "Leave it there, because, since friends are for occasions, Cavaco, when he is once again down and looking for a way up, will come to you again...." And Bota's answer: "For that reason, may God keep it from happening." Nice sentiments.
- Truly it is said that it is better to be well received than to be witty. Pedro Santana Lopes seems to have fallen almost totally out of grace, and what we heard most people saying was that they were disillusioned with the lack of impact his speech was able to have on the Congress. This seems unfair to us. Santana Lopes is a voice that must always be heard and that always

warrants being listened to. Besides, he is courageously and coherently recovering his critical understanding. Let's say, then, with regard to him, like that other proverb, he who takes after his own family (in this case, his "political papa," Sa Carneiro) will not decline....

- Antonio Vairinhos, a bright new hope of the social democrats from the Algarve, celebrated his birthday during the Congress on Friday. Throughout the evening, we mostly heard many "best wishes" and friendly support from his co-party members who esteem and admire him. A private birthday party was held with his closest friends in a select atmosphere.

13331

TURKEY

SDPP Changes Bylaws To Allow Barred Provinces in Convention

35540167a Istanbul CUMHURIYET in Turkish
17 Jun 88 p 9

[Text] Ankara [CUMHURIYET Bureau]—By passing an amendment to its bylaws, the SDPP Assembly has opened the way for Istanbul, Van and Bingol delegates at the convention. In accordance with the bylaw revision, Istanbul, Van and Bingol will participate in the convention with their former delegates. At the meeting in which the decision to amend the bylaws was unanimously reached, SDPP General Secretary Erdal Inonu stated that "the convention would not only be held on time but that all provinces would also participate."

The SDPP Assembly held an emergency meeting yesterday to resolve the convention crisis which had arisen out of the cancellation of the Istanbul congress. At the meeting called by Inonu, in which the change in the SDPP bylaws was effected whereby the convention would be held every 3 rather than 2 years, it was agreed that the existing delegates to the provinces which had been unable to convene a congress would attend the convention. In this way a temporary solution was brought to the problem which occurred this year.

From Kotil, Response to Criticism

At the party assembly meeting in which the amendment to the bylaws was discussed, Aytekin Kotil responded to criticism and accusations directed at him concerning the cancellation of the Istanbul congress. Pointing out that he and his friends were being accused with respect to the cancellation of the congress, Kotil said, "We have no connection whatsoever with the cancellation of the congress. It is a result of congress's disputes between the factions there. Yet in spite of this, ugly things are being said here. Now, if we say yes to the bylaw amendment and if the participation of former delegates is assured, this will not be done under pressure from anyone."

In Conformance With the 12 December Laws

Ercan Karakas, party assembly member elected to the provincial chairmanship at the cancelled congress, responded to these remarks from Aytekin Kotil. Karakas said that he was not placing blame on anyone personally for the cancellation of the congress and that the blood relationship between Ali Topuz and the judge who ruled on the cancellation was contained in the application made by a jurist to the election commission. "However," said Karakas, "the application which was the reason for the cancellation was based upon the laws of 12 September which we have severely criticized. Moreover, it was depicted as a plausible reason for cancellation. And no matter how compatible with law, the objections of these friends are not in line with political ethics and democratic tradition." In response to Kotil's claim that such a reason for cancellation was previously planned by the congress' winning side based on Turkan Akyol, Karakas stated, "Upon what and upon whom are you saying this is based? Explain here."

Lists Provided

After the party assembly meeting, the Attorney General's Office was notified of the amendment to the bylaws. In addition, the change in the list was forwarded to the Cankaya District Election Commission. After being asked as to why party assembly member Turhan Beyazit abstained during the approving of the bylaw amendment, General Secretary Fikri Saglar said, "Mr Beyazit only objected to one word. He is not opposed to the bylaw amendment. He too has signed the proposal." Saglar said that the decision to amend the bylaws was reached unanimously.

Baykal in Istanbul

SDPP Parliamentary Group Chairman Deniz Baykal spoke with party members while visiting SDPP district centers in Kocaeli and Besiktas yesterday. In his talks, Baykal said, "There is no view to the possibility of creating a left wing in the party." Pointing out that for the first time, the SDPP convention would be a democratic convention and one in which everyone would participate equally, Baykal spoke thus:

"In addition, our convention is appearing as a convention with alternatives. Three candidates for chairman have emerged. From the standpoint of party staffing, it will be a convention in which different arguments will be debated."

Stressing that he finds the formation of a wing objectionable and that he was stating this openly, and with sincerity and honesty, Baykal said, "I have no doubt that developments in this direction will severely shake and bring much adversity to the party in the future. There is no view to the possibility of forming a left wing within the party. In this party, no one has the right to lecture or show displeasure to anyone on the subject of leftism."

Ismail Cem

Ismail Cem, one of the candidates for the SDPP chairmanship, revealing that a final decision had not been reached on any candidate for the convention, said, "Our delegate is undergoing the process of evaluation. It is a process which will conclude on the day of the convention. My delegate will not have menial status. My delegate is a delegate breaking with the 1972 menial status tradition."

Kemal Anadol

Speaking with an Anatolian Agency correspondent in Bursa, Inegol, left wing Izmir Deputy Kemal Anadol said, "We are not opposed to Inonu. Our platform at the debate is to gain a majority in the party assembly. Every candidate for party assembly from among us is qualified to fill the chairmanship."

13334/9604

Commentary Sees Negative Impact on PKK Reportage Censorship

35540167b Istanbul MILLIYET in Turkish
18 Jun 88 p 6

[From the "Telex" column by Teoman Erel: "To Stay Untarnished"]

[Text] On the summit of a mountain near the Iraqi border, we were talking with a general dressed in fatigues about the advantages and disadvantages to the government's confrontation with the outlaw Turkish Workers Party [PKK].

The state was somewhat slow in adapting its confrontation to terrorism, but its means were far greater than those of the outlaw. For example, it was able to allow its combat personnel to rest and renew morale.

The PKK on the other hand, because the state has assumed tight control over the length of the borders through a variety of measures, has lost the means of providing rest to its exhausted people. PKK assassins, formerly able to cross over the border and then to exit Turkey after carrying out operations of a known duration, have apparently not been able to do so recently. It is said that due to the risk of capture at the border, they move further into the interior and stay packed into caves for extended periods in a state of fatigue and demoralization under the most terrible conditions!

"Of course," said the general, "there are disadvantages to the state's engaging in conflict with the outlaw. Even when you meet an outlaw firing upon you in the mountains, you are required to abide by various legal conditions. For example, you may not open fire without first calling for surrender. Investigations have been opened against several of our personnel who have allegedly fired without making this call for surrender!"

Several weeks after talking with a general on the requirement of the state to conform with law, even on mountaintops in confrontations with the PKK, we could not have thought that the Abdullah Ocalan [Apo] reportage of MILLIYET press, in the heart of the capital, would be stopped on grounds of illegality.

Our purpose is not to criticize court decisions, but it is commonly known how far our constitution and our laws based on those decisions fall from modern standards.

As for the understanding of censorship in the existing world; that it is futile is obvious. Even the Soviets are moving toward openness. In the world of 1988 is it possible to hide Apo statements from the citizen by imposing censorship on the press?

Tomorrow, or the next day, will not Turkey hear Apo statements broadcast in a BBC report which, in contrast to the fastidiousness of MILLIYET, will show that it is right. What a shame it would be....

Actually, Apo is badly cornered. In the past, the mountains belonged to the PKK after dark. Particularly at night, the army retreated to its headquarters. On our last tour we saw that this had been reversed. At night, the state was outside, the PKK in the caves....

Also, the perception of Apo as a murderer has strengthened. Considering it important to attract the people in the state area under the authority of Kozakcioglu, he has assumed a more civilized and effective behavior.

They were not making use of functionaries representing the old bad habits for heated operations and for sensitive operations necessitating relations with the populace.... For this reason, they were prowling around and longing for a return of the reins to their hands....

It was clear that the style of fighting in which Apo engaged had failed because Turkish soil near the Iraqi border was at one time left deserted by the state and Talabani gathered funds and pish margeh there; he was also not pleased with Apo's style of fighting, saying, "Give up murder, join with me." Because of the PKK, the region had fallen under state control.

So! It was in such an environment that Apo revealed to the world that he would renounce murder.... Although by posturing that "the first stage had concluded successfully" he exhibited his weaknesses and contradictions....

No sir, it is said that he does not covet Turkish land, that he loves Ataturk, that he wishes to imitate our army, that he supports Galatasaray [Turkish soccer team] and that he is averse to murder! If only the Turkish public had learned of all of these comical claims from its own newspapers and television.

What's done is done, so let us see what will follow.

The problem of the mistreatment of freedom of the press and the recurrence of primitive censorship on the other hand is far more serious. By being seized with panic in the face of outlaws, there is the possibility of our becoming so tainted as to preclude being cleansed. Methods outside of the law and of humanity appear practical to some in difficult times. Raiding our press without a warrant the police say:

"If we had not caused an obstruction at the press, we could have turned your trucks back anywhere we liked once they had set out. It could have been dangerous. God forbid, an accident or some such might have occurred. We thought that since the decision will be made anyway, let's go beforehand, let's keep the trucks from leaving the press."

The struggle with the PKK must be disposed of without staining our hands. the PKK must not be provided with

a propaganda opportunity. And on the other hand, Turkish character, striving toward modern civilization, must not be deformed.

The United States made this mistake in the Vietnam War and was severely hurt. Not by defeat, but by a weakened morality dragged down by massacres and the burning of villages.... Because of this, a generation lost its self-respect and was pushed into narcotics, murder and gambling!

Apo's intent is to bring about the soiling of Turkey, to cause his own murdering to be forgotten and to regain power. Inonu's approach to this subject is not only civilized but strategically appropriate. Turkey must not be carried away by panic, must trust in itself and must believe, at every moment and in every event, that its problems can be resolved within the framework of democracy and law.

13334/9604

FEDERAL REPUBLIC OF GERMANY

Defense Budget Termed Unrealistic, Inadequate *36200197 Duesseldorf WIRTSCHAFTSWOCHEN* *in German 15 Jul 88 p 21*

[Article by Friedrich Thelen: "Defense Budget; Doctored Figures"]

[Text] Outwardly the 3.7 percent rate of increase in the 1989 defense budget which the Bundeswehr chief, Rupert Scholz, was able to wring out of the Federal Ministry of Finance looks like quite a success. And in the future, too, the Bonn defense budget, which had declined in real terms by 0.4 percent in 1986, 0.3 percent in 1987, and 0.9 percent in 1988, for the first time again appears to experience a real growth.

However, Federal Defense Minister Rupert Scholz comes to such nice results only by some mathematical tricks. For the first time there is the inclusion of the so-called personnel reinforcement funds. According to the 22d budget, the latter will increase by DM670 million in 1989, by DM980 million in 1990, by DM970 million in 1991, and DM960 million in 1992. But the term personnel reinforcement funds is purely a euphemism: Not additional single soldier or official joins the Bundeswehr. Departmental budget 60 is purely a transitory item that is to absorb the increase in wages and salaries.

The overall reduced expenditures of DM100 million, the 3-percent reduction for consumption expenditures of DM169 million, and another reduction as a contribution to the supplemental budget of DM75 million must be deducted from the 1988 budget totaling DM51.4 billion. In addition there is the disposable quota of DM50.95 million for 1988—and it is only on that basis that the Bundeswehr chief was able to announce the nominal rate of increase for the 1989 budget of 3.7 percent.

Adjusted the growth figures for the following years thus in truth far more modest: DM460 million for 1989, DM740 million for 1990, DM670 million for 1991, and DM610 million for 1992.

It remains to be seen whether or not these increases are firm—even though the new defense minister, with a side-swipe for his hapless predecessor, Manfred Woerner, valiantly promises: "Cuts as they were quite customary in earlier years for the defense budget are not possible with me." But Scholz also knows about the overall constraints on the budget: Even now there is a gaping hole of DM1 billion in the federal budget, which must be closed by additional savings—wherever possible.

And Scholz already had to lose a few feathers. The order for the 30 Tornado combat aircraft planned for 1989 for the present had to be postponed to 1990.

Moreover additional burdens for the defense budget are already foreseeable: U.S. Republicans and Democrats point out to the Federal Government the proportion of defense to overall budget: The 1989 Bundeswehr budget with an 18.5 percent share has reached the lowest level since the accession to office of the CDU/CSU-FDP coalition in 1982. And with a 2.5 percent defense share in the GNP, the FRG, rich according to the general opinion, is below the margin spent by the most important European allies for their defense.

But Washington's demands get Scholz into a predicament: The contributions for the additional burden sharing—the assumption of a greater share of the stationing costs for the U.S. forces in the FRG—more and more strongly urged by the United States are not yet included in the Bundeswehr planning up to 1992. Scholz does not know anyhow how the funds for his ambitious procurement project, the Jaeger [fighter] 90, are to suffice in the next few years.

12356

Air Transport Command's Mission, Capability Characterized

36200201 Bonn WEHRTECHNIK in German
Jul 88 pp 36-88

[Article by Maj Gen Hubert F. Marquitan: "The Air Transport Command; Air Transport in Peace, Crisis, and War"; first paragraph is WEHRTECHNIK introduction]

[Text] Comprehensive air transport for all requirements of the Bundeswehr in the medium and long-range area and also—to the extent that the capacity of the own means of the branches of service is not sufficient—in the short range as well as the Search and Rescue Service (SAR) are missions that the air transport command must fulfill with its forces. Thus it makes its contribution to operational readiness, mobility, and striking power of the Bundeswehr forces and of the NATO allies in peace as well as in war. Maj Gen Hubert F. Marquitan, the commander of the Air Transport Command, introduces his command in the following article.

The Air Transport Command is subordinated to the Air Force Support Command in Cologne-Wahn; as a specialized command for air transport it is directly responsible to the operations staff of the air force. The echelon of the Air Transport Command is the division.

Air transport actions are planned, prepared, and carried out for:

- redeployment of forces or parts thereof;
- logistic transports;
- airborne operations;

- evacuation of casualties;
- special projects.

In addition to the tactical operational planning, flying training and advanced training is also being carried on and the Search and Rescue Service over land is guaranteed.

As specialized command of the FRG Air Force for air transport and in lead function for the other branches of service, the Air Transport Command is responsible for:

- development of basic data and guidelines and the publication of "Special Instructions for the Air Transport (BesAnLT)";
- making air transport space available for national and NATO tasks in direct cooperation with the users who are entitled to request them from the corps level on up;
- training of crews for transport and liaison aircraft of the FRG Air Force and Navy including tactical operational training;
- subcontracted work for the operations staff of the FRG Air Force in all questions of air transport and the corresponding special types of training.

Subordinated to the commander of the Air Transport Command are:

- the Muenster command staff;
- Air Transport Wing 61 in Landsberg/Lech (LTG 61);
- Air Transport Wing 62 in Wunstorf (LTG 62);
- Air Transport Wing 63 in Hohn (LTG 63);
- Helicopter Transport Wing 64 in Ahlhorn (HTG 64);
- BMVg (Federal Ministry of Defense) Air Ready Unit in Cologne;
- the SAR control station in Goch.

Strength and Equipment

In peacetime the personnel strength is about 6,400 slots, in case of emergency it increases to nearly double that number. In all 239 aircraft of 6 different types are flown. Principal operational models are the C-160 Transall of the air transport wings and the Bell UH-1D of the HTG 64 and of the LTG 61. Most Do-28 light transport and liaison aircraft are concentrated with the LTG 62 on account of the training for the entire Air Force and Navy taking place there. The BMVg Air Ready Unit exhibits the greatest variety of types: 4 Boeing 707 are for the most part used for military personnel and material transport across the Atlantic, for the short and medium

range at present Bell UH-1D, Do-28, CL-601 CHALLENGER, VFW-614 are used—these aircraft at the same time are also at the disposal of the political-parliamentary sphere.

Subordination and Command and Control

In peace and war the air transport forces remain under national command and control and are employed with priority for national missions. However, they belong to the "NATO Earmarked Forces" and are put at the disposal of the NATO commanders in case of free air transport capacity. Independently of that the Air Transport Command decides on the employment of its air transport forces and leads them. If necessary the operations staff of the air force establishes priorities with the operations staff of the armed forces and the affected NATO commanders.

Capacity

In Peacetime

The annual flying time program is determined by the technical capacity and the annually planned rate of utilization of the aircraft. The flying hours, approximately 66,000 are flown for the most part with C-160 Transall and Bell UH-1D. In doing so on the average almost three quarters of the flying hours result in "performances with payload" (C-160, over 80 percent, B-707, almost 100 percent). The 1987 statistical figures, which are quite representative, convey a good impression of the performance of the air transport: Just short of 221,000 passengers, 22,800 tons of cargo, and 8,750 missions for SAR/Urgent Emergency Assistance were flown. Ninety percent of the SAR missions involved emergencies in the civilian sector. One thousand pilots/crews members received their training/advanced training. Air transport forces participated in 74 exercises of NATO or the Bundeswehr.

The air transport missions are centrally planned, prepared, controlled, and assessed in the Air Transport Command. The best possible use of the limited air transport capacity is achieved by flexible operational planning and command, i.e., by combining as many transport tasks as possible in one operation. In addition, parts of the tactical operational training for the crews are combined with regular transport missions. Thus Transall crews on supply flights to Beja and Goose Bay regularly practice 250-foot low-altitude flight there. Thus the Air Transport Command keeps the share of flying hours for practice flying with empty aircraft to a minimum.

In addition to various unscheduled transports, B-707 and C-160 perform daily, weekly, and monthly domestic and foreign regular service flights. The UH-1D transport priority material from the main air transshipment points to remote users. But unscheduled transports resulting from special requisitions form the main part of the air transport in peace and war.

An important part of the air transport system is the air transshipment organization. In peacetime 4 main air transshipment points are operated with 4 active air transshipment platoons of different strength and inventory and an equipment unit. Another main air transshipment point and 6 air transshipment points could be established; but the latter would be dependent on equipment available on the spot.

The SAR forces operating over land in the FRG are operated by the Goch SAR control station in peacetime. In addition to the 9 SAR commands with 1 helicopter each, 6 additional helicopters are immediately available at rescue centers.

In Crisis and War

Considerable air transport capacity is to be made available for redeployment of personnel and material from abroad, deployment of troops and munitions transports and for increased domestic regular service flights; in addition the Air Transport Command must also safeguard the air transport for parts of the ACE Mobile Force. In addition there are missions for the onward transport of U.S. reinforcement forces within Europe.

In spite of stockpiling by the combat units for the initial days of battle and in spite of depots in the forward battle zone, island locations (e.g., Schleswig-Holstein), key positions, and materiel losses will make quick supply from rear depots as well as cross servicing and reinforcement beyond the close range a vital necessity. For this purpose the C-160 Transall are employed as battle zone transporters to land urgently needed air transport goods near the user.

An important task is the evacuation of the casualties. The army medical service for the 12 divisions of the field army alone expects a daily air transport need for about 3,000 casualties who are to be taken to the area of the base hospital organization; because of the limitation on capacity and range, only part of them can be flown by helicopter.

The C-160, on account of its short-takeoff and landing features, makes possible comprehensive air transport even during wartime. Possible landing strips are runways of regular—including partially destroyed—air fields or airstrips for sports planes, sections of highways and makeshift—in case of emergency also unprepared—landing strips on level and firm stretches in the terrain in question. In addition to the capability to take off and land on emergency runways, the operational usefulness is expanded by dropping cargo from a low altitude and air-dropping of cargo from very low-altitude flight.

The helicopters are used primarily for rapid supply of the combat units with critical items or for rescuing of crews that had jumped or had made an emergency landing. However, new ground is being broken with search and rescue in wartime even beyond the forward line of own

troops (FLOT). Since 1982 implementation of the mission concept is being pursued, the procedures are being worked out; they are being tested in the German-U.S. SAR exercises with the code name "Blue Survivor."

Assistance Operations

Among the numerous assistance operations thus far flown by the aircraft of the Air Transport Command, the famine aid in Ethiopia and the Sudan in 1984/85 thus far has been the biggest and most demanding. In repeated change all air transport wings were in action for 14 months with 50-70 men and up to 5 Transall aircraft. The BMVg Air Ready Unit together with the Boeing 707 provided feeder duties. In 2,100 operations with 5,500 flying hours more than 18,000 tons of emergency relief goods were distributed in Africa with the Transall. Another 1,900 flying hours with 1,700 tons of cargo were achieved by Boeing 707 and Transall is part of the supply flights and the command exchange between the FRG and Africa. The humanitarian assistance of the Air Transport Command was accorded highest national and international recognition.

Improvements in the Tactical Performance Capability

To improve the tactical performance capability, tactical training, tactical evaluations (TAC EVAL), and flying competitions were carried out and increasingly are being carried out:

- TAC EVAL: Each air wing within 18-24 months;
- annual flying tactical performance comparisons of C 160 and UH-1D ("Jumbo/Copter Derby");
- participation of C-160 crews in U.S. transport pilot competition "Airlift Rodeo";
- training of helicopter crews with image intensifying goggles.

Maintenance of Combat Effectiveness of Aircraft

Transall

The original design of the C-160 Transall permitted employment until into the second half of the eighties. Thus it would now be in the stage of being phased out. However, costly calculations, studies as well as practical tests (fractured cell tests)—especially as regards the life of the cell—resulted in the finding that with acceptable technical and financial expense the utilization phase of the C-160 can be considerably extended. Plans are now to fly the Transall until the year 2010 with the air transport wings.

On more than two-thirds of the aircraft of the C-160 fleet the first great life-extending measure (LEDA) has already been carried out—reinforcing the center wing. The work

will be completed in 1989 and will cost about DM60 million. Preparations for additional measures to reinforce the cell structure are now actually being made.

Extending the utilization phase of the C-160 Transall also requires replacement of the navigation system. Foreseeable failure rates and the no longer up-to-date performance capability of the incorporated systems urgently necessitate this measure for logistical as well as operational reasons.

In the development of the tactical requirement (TaF) which was established in close cooperation between the Air Transport Command and the general dealing with matters of air force armament, special emphasis was placed on eliminating existing weaknesses of the navigation system, which involve especially the dependence on ground-based navigational equipment.

Equipment with a self-oriented inertial navigation system and support from the U.S. global positioning system (GPS = satellite navigation) remedy these shortcomings and will clearly raise the capabilities of the C-160 in tactical employment.

The TaF was approved at the end of 1984, according to existing planning the reequipment phase is to start in 1991. The cost of the project is estimated at DM 34 million.

UH-1D

The service life of the Bell UH-1D, extended to 2008, necessitates measures to meet the requirements of military flight operations in peacetime as well as the capability to prevail in war. These measures are indispensable, since the follow-on weapons system "light transport helicopter/SAR" (LTH/SAR) is not yet available. According to the tactical requirement approved for the Bell UH-1D, maintenance of the combat value is to be achieved as follows:

- improvement of the night operations capability by adapting the cockpit for flights with third generation image intensifying goggles and incorporation of a map-reading device;
- improvement of the operational command and serviceability by improved provision of radio equipment including high frequency radio, cable severing device and introduction of a new survival avionics system;
- improvement of the infrared operational capability by equipment with TACAN;
- improvement of the operational capability in icing situations by incorporating an icing measuring device;
- improvement of the capability to survive by self-protection armament with machine guns.

In addition to these measures to maintain tactical-operational operating capability, technical measures to maintain the service life are being instituted (program for extending the utilization = NDV).

Development of the Transport Fleet Beyond the Year 2000

Unaffected by all the measures extending the service life and maintaining the combat value, there arises the question regarding the follow-on systems to some of the systems now in the flying service of the Air Transport Command. Follow-on models for the VFW-614, the Boeing 707, the C-160 Transall, and the Bell-UH-1D are to be planned.

Successor to VFW-614

The operation of the 3 VFW-614 being used in the Air Ready Unit is characterized by an extremely high cost of material maintenance. An important reason for this fact is that only 4 units of this model are still in operation. At the same time the demand structure in the medium range has clearly shifted in recent years so that the VFW-614 (range: 1,750 km, 44 seats) is no longer adequate for present needs. What is needed is a medium-range aircraft with 60 to 90 seats and range of 3,000 km. A corresponding Tactical Requirement has been established; procurement of a follow-on model can be considered for the early nineties.

Successor to Boeing 707

The 4 Boeing 707 of the BMVg Air Ready Unit have been in operation there for 20 years. Environmental protection problems on account of obsolete power plants as well as the fact that Lufthansa, which maintains our aircraft, no longer has this model in its own aircraft holdings and thus, over the long run, will possibly drop out as a technical maintenance enterprise, make it necessary to consider a follow-on model. The latter was to be introduced approximately in 1995.

Successor to C-160 Transall

Nearly at the same time as the end of the utilization phase of the C-160, several NATO partners plan to replace or supplement their transport fleets for the short and medium range. Therefore, the FRG Air Force, together with the Air Forces of Belgium, Denmark, France, Great Britain, Portugal, and Spain has decided on the development of the "Future Large Aircraft" (FLA). In an Outline European Staff Target it was stipulated that the project phase would be concluded by 1995, delivery of the first aircraft is planned for the year 2002; the FRG Air Force will probably replace the C-160 in 2010.

The FLA is to have a maximum useful load capacity of about 25 tons and be able to operate at a speed of 750 km/h over a distance of 5,000 km with such a load. At the same time great demands are to be met on the capability for very low altitude flight and for operation on makeshift airfields.

LTH/SAR

The light transport helicopter/SAR finally is at the end of the national and international definition phase. In 1987 Great Britain got out of the LTH/SAR project, so that now Italy, France, The Netherlands, and the Federal Republic of Germany are in a joint project definition phase. After approval of the military/technical/economic requirement as a national phase document and the signing of a joint memorandum of understanding, the development phase will begin in mid-1989. Delivery of the first LTH/SAR by industry is planned for 1996. As part of a half-generation change the FRG Air Force plans to procure 64 LTH/SAR; aside from the latter 55 Bell UH-1D are to remain in service.

Proud of the Operations

In achieving, according to plan, all measures addressed, the Air Transport Command in the future, too, will be able to fulfill its mission—a mission which often provides the transport pilots with the opportunity to save human lives by their helicopter rescue operations and by relief flights and to do good. They are proud of that, that motivates them. Relief and rescue operations contribute to viewing of the Armed Forces by many with different eyes and they also serve to enhance the prestige of the Bundeswehr and the Republic of Germany at home and abroad.

But what transport pilots accomplish in the humanitarian field and that they demonstrate in transport performances, all that is only a bonus. Fundamentally everything that is done in peacetime is preparation for the national defense emergency and thus their contribution to the safeguarding of peace in freedom for our people.

12356

FRANCE

Franco-Italian Air Defense System Production Agreement

35910093b Paris L'USINE NOUVELLE in French
23 Jun 88 p 33

[Text] French and Italian manufacturers are taking over from their ministers of defense, who had decided to build a joint air defense system. Aerospatiale and Thomson, and the Italian Selenia, have signed an industrial cooperation agreement for the development of a future surface-to-air missile system. Based on Aerospatiale's Astere missile and Thomson's Arabel radar, already

designed to be used on the nuclear aircraft carrier, this new weapon system should replace the HAWK missiles made by Raytheon and now used by NATO.

09294

Refusal To Sell Surface-to-Surface Missiles

351910093a Paris L'USINE NOUVELLE in French
30 Jun 88 pp 22-23

[Article by Jean-Pierre Casamayou]

[Text] Bound by a treaty, France, contrary to China, refuses to take advantage of the boom on surface-to-surface missiles.

In a corner of the Rub-al-Khali desert, in Saudi Arabia, things are in a turmoil. Chinese technicians are building a base for surface-to-surface missiles: the CSS2, also called Dong Feng (East Wind), which can carry a traditional (or a nuclear) warhead to a distance of over 2,500 km. According to British experts, the contract exceeds Fr18 billion!

Other Third World countries also feel the need for weapons of this type. Marketing experts would say that we are witnessing the emergence of a new market. The current vogue of ballistic missiles, until now reserved for nuclear uses, is the result of the Iran-Irak conflict: 150 missiles or so were fired during the "war of the towns", mostly Scud missiles supplied by the Soviets and the North Koreans. Quite recently, in the Thar desert, the Pakistanis were testing an 800-km-range missile developed with the help of the ubiquitous Chinese! This test followed the successful testing of the Prithvi missile produced by their arch enemy, India.

From Asia, to the Middle East, Israel and South America, the military want surface-to-surface missiles. On this market, France, the third supplier of weapons in the world, is not represented; because it does not want to.

In April 1987, France and six other countries—the United States, Canada, Great-Britain, the FRG, Italy and Japan—signed an agreement to observe "rules of ballistic non-proliferation." In plain language, they agreed to sell neither complete surface-to-surface systems with a range greater than 300 km and capable of launching warheads heavier than 500 kg, nor the components required to manufacture such systems. This statement is accompanied by a reciprocity agreement under which each country agrees to refuse to sell to a third party anything that another signatory has already refused to sell.

This agreement is quite in line with French policy, which is to limit the potential vectors of nuclear warheads. "We are not about to export our strategic missiles, or our Plutons and Hades," the Ministry of Defense pointed out. "Foreign countries must never know what the performance and other characteristics of our strike force

are." Also, since our armies have no need for the relatively unsophisticated surface-to-surface missiles that third countries are likely to buy, our manufacturers did not develop such missiles. They chose to invest their efforts in high-technology products with a high added value. Willy-nilly, they thus abandoned this market to others.

Nevertheless, this agreement provides for an exception: a country may sell strategic components if it is certain that they will not be used in ballistic missiles. Thus, SNPE [National Powder and Explosives Company] modernized the Egyptian Frog-7 70-km-range surface-to-surface missiles. Also, France acknowledged that it helped Brazil with its space program. Now, as a French official pointed out, the borderline between a space rocket and a ballistic missile is a thin one. As a result, the Avibras company of Sao Paulo has announced that it will develop surface-to-surface missiles with a range of 600-1,000 km. India may follow suit. In fact, SAGEM [Company for General Applications of Electricity and Mechanics] was just awarded a large contract to modernize the navigation system of the Indian Jaguars with its Ulliss inertial unit. This is a ultra-high-performance unit since its drift is less than 1 km after 1 hour in flight. Imagine then the precision of a ballistic missile equipped with this unit, after a 15-minute flight.

Actually, precision and guidance are still the hard parts in making missiles of this type. The precision of the Chinese CSS2 missiles (it is called the circular error probable or CEP) exceeds 2 km! If a military impact is to be achieved, precision is a must. Otherwise, the missiles must be used against wide targets as in the "war of the towns" of the Iran-Irak conflict. Apart from that, these missiles are easy to put together; their technology has not much progressed since the German V2. For instance, the Iranians reduced the weight of the warhead in order to increase the range of their Scud missiles (the gain is about 10 km per kilo removed). But heating problems are soon encountered during warhead reentry, and one must have recourse to the new technologies.

Now, these technologies are available in countries like Spain or Israel. Spain, where the Ibermissile consortium has ambitions in this field; Israel, where a missile family named Jericho has been developed. Initially, France helped the Hebrew state during the French-Israeli honeymoon of the 1960's. Dassault is even said to have undertaken to develop these missiles in 1963, based on its own MD620. Twenty-five years later, the Jericho-II, with an estimated range of 1,400 km, is providing for the security of Israel which will not disclose its technology nor its characteristics.

The role of "great proliferator" is assumed by China. Not only does it sell missiles, but it helps other countries build them. What it gets in return is sometimes quite surprising. For instance, according to the British, China is helping Argentina develop a surface-to-surface missile

with a range of 800 km (the Falkland syndrome still persists in Buenos Aires) in exchange for access to Antarctica where it is not represented.

What is more serious is that all these countries are implementing a new cooperation network outside the traditional circuits. Argentina is helped by China and cooperates with Brazil which, in turn, exports its technology to the Middle East. That is, to Libya and Iraq, where the Astros missiles worked wonders in the reconquest of the Fao peninsula. Privileged ties are being established, over which the great powers have no control. This situation is all the more serious as these countries will now go over to the next stage: they will equip these missiles with nuclear warheads.

09294

GREECE

EVO's 'Artemis-30' Manufacture Seen in Jeopardy

35210124b Athens 1 VRADYNI in Greek 6 Jul 88 p 3

[Article by S. Mikhelopoulos: "Artemis-30 'Resigning' After Involuntary Resignation of EVO President"]

[Text] After the involuntary resignation a few days ago of the president of EAV [Hellenic Aircraft Industry], P. Fotilas, the Government has taken another step by forcing the president of EVO [Hellenic Arms Industry], Stamatis Kambanis, to resign as well.

The Government saw to it that Fotilas' "resignation" did not make a "splash," craftily attributing it indirectly to the alleged desire of the EAV president to go into politics. Yesterday, however, the second involuntary resignation, that of Kambanis, came to confirm that something is not right in Greece's two largest military companies.

According to newspaper reports, 24 hours ago Alternate Minister of National Defense Stathis Giotas asked EVO President Stamatis Kambanis to submit his resignation, as he had done a few days ago with EAV President Fotilas.

Not only did Kambanis refuse to submit his resignation, but he "revolted."

Yesterday he assembled the workers at EVO's subsidiary Geniki Mikhaniki in Mandra, Attiki, and spoke to them about developments in the Artemis-30 air-defense weapon system, which is produced there.

In his talk, Kambanis implied that the Government was to blame for the delays in the Artemis-30 program and indirectly suggested that it intended to put the program on the back burner for good.

The EVO president also spoke to the workers about the success of his work, the honesty which permits him to hold his head high, etc.

In a press release which he sent to military correspondents last night, the EVO president mentioned, *inter alia*, that in his talk to the workers he stressed that "while the company is making satisfactory progress on the Artemis-30 production timetable, some difficulties have emerged with regard to delivery procedures for the system and these threaten to lead to delays. This—he added—is not our fault.

"Without the Artemis-30, there is no EVO," Kambanis emphasized, and continued:

"Given that EVO expects to live off this weapon system for the next 3 years, starting this year, it is clear that if the Artemis-30 is put on the back burner, the company will have no income."

In order to maintain the exports which currently make up 76 percent of its sales, there must be follow-through and continuity. If there is not, the export sales can be lost from one moment to the next, he said at another point in his talk. Most of the money from the loan EVO is to receive will be used for the Artemis-30 program, to pay off various obligations. Consequently, Kambanis emphasized, we should not view the loan as a panacea. The money is already committed to the Artemis-30 program.

The chairman of the EVO management board asked the workers to continue their efforts to achieve the best possible results in the plant's production programs.

Referring to the management's work so far, he described it as successful, "inasmuch as the EVO group is the only state company in the black. This," he emphasized, "was accomplished only through tremendous efforts by management and workers and a large, intelligent investment program that shows our faith in the future."

"For that reason," Kambanis concluded, "the management and I personally are holding our heads high, because we are planning and carrying out an honest and effective effort which looks to tomorrow with confidence."

The same EVO press release mentions that the annual general meeting of the company's stockholders will be held tomorrow, Thursday, and requests the military correspondents to attend.

However, there are reports that the Ministry of National Defense has initiated the procedures for calling an extraordinary general stockholders meeting today at which it is expected that Kambanis' "resignation" will be made official.

It will be remembered that some months ago Prime Minister A. Papandreou visited the EVO plant at Mandra. During an unprecedented PASOK fiesta he announced a firm timetable for production of the Artemis-30 air-defense weapon system, which will meet the needs of the armed forces.

Kambanis himself had also given assurances at the time that the schedule would be adhered to faithfully; he acknowledged that the production program had fallen very far behind, assigning the blame for this to his predecessors.

Only a few months have passed and already the Prime Minister's assurances have been shown in a very concrete way to be false, and each side is claiming that the other is responsible for the delays in the Artemis-30 delivery program (the Government points to EVO and EVO to the Government).

It will also be remembered that the Artemis-30 production program has gone through many phases and, whereas it should have been completed now, not only are there unacceptable delays but there is still the possibility that it may be cancelled (Kambanis uses the term "back burner") or the plans modified, inasmuch as the Army has already asked for improvements in the system.

Political and military observers who were asked about the recent developments at EAV and EVO point out that the Ministry of National Defense has an obligation to make public what has led to these recent developments at the two large military firms because certain questions have arisen which require answers.

This development in the soap opera known as the Artemis-30 is inconceivable, they stress; it raises questions not only about EVO but also about the authority responsible for EVO, which is known as the Ministry of National Defense.

12593

Details on Manufacture of Advanced Artillery Rounds

35210124a Athens AMYNA KAI TEKHNOLOGIA
in Greek Jun 88 pp 42-43

[Article by mechanical engineer G. Livathinos: "The Grenade Carrier Projectiles of PYRKAL [Greek Powder and Cartridge Company]"]

[Text] In the sector of munitions technology for conventional infantry and artillery weapons, the developmental effort in the West over the past 15 years has been directed primarily at improving the effectiveness of conventional projectiles. This improvement is being attained by multiplying their lethality within the framework of conventional defense (which rules out the use of chemical and atomic charges).

This has been achieved through the design and development of new types of conventional projectiles, which generally achieve a 10-fold increase in lethality. This spectacular increase in the effectiveness of conventional infantry and artillery projectiles is due to the achievement of a far more uniform distribution of the projectile's explosive energy. This distribution, in conjunction with an increase in the amount of explosive energy and active shrapnel delivered by this improved projectile, provides a 10-fold increase in effectiveness over the operational area covered.

The munitions based on this philosophy are called improved conventional munitions, ICM.

They were developed first in the early 1970's by the Americans, who then began mass production of 155 mm grenade-carrier projectiles. It is calculated that today they have over 2,000,000 grenade-carrier projectiles. The Israelis followed in early 1980.

Other technologically advanced countries like West Germany and the Netherlands have begun to produce these munitions in the past 3 years using American technology.

Recently other countries including Belgium, France, Italy, and Sweden have also begun to develop a single type of grenade-carrier projectile, the 155-mm projectile, in part using their own technology. Under the real pressure of circumstances, the Greek military industry—specifically PYRKAL—was 5 years ahead of the other West European countries in the field of grenade-carrier projectiles. This pioneering effort was achieved in cooperation with YPOVI (Military Industry Service) and with its economic support in the form of development contracts.

Today PYRKAL is presenting in our journal the family of the first three grenade carrier projectiles developed and now in production in Greece, the result of a continuing effort to stay abreast of technological developments and of the research of the scientists working on product and production studies at that company. These three are:

- the GRM20 4.2 inch mortar-bomb;
- the 20G and 24G 105 mm HE cargo round;
- the GRM49 155 mm grenade-carrier projectile.

This family of grenade-carrier projectiles will be complete with the addition of two others, the 155 mm base-bleed projectile (range: 30 km) and the 8 inch (203 mm) projectile, production of which will begin in 1990.

Infantry Mortar Bomb

The 4.2 inch mortar bomb is mentioned first because that is where the idea of developing and producing grenade-carrier projectiles began at [one word left blank in original], based on the initial efforts of retired officer and chemical engineer (National Polytechnic) P. Karamanolis.

Today this bomb has pioneered worldwide in the field of infantry weapons and is the only one of its type which has been in production for 4 years.

Indicative is the comment which Francis M. Cevasco, NATO/Europe Assistant Deputy Under Secretary of Defense, made to *TEGNOLOGIA MILITAR* after his recent visit to PYRKAL: "Greece has a munitions manufacturing industry with impressive capabilities. For example, PYRKAL developed and offered to the United States the 4.2 inch mortar-bomb."

The operation of the mortar-bomb can be described briefly as follows. Its time fuse—which is manufactured by the Greek firm ALFA AVE—is set to explode at a height of about 300 meters over the target. By revolving, the bomb expels the grenades from its base, which simultaneously detaches. Because of the rotation, the exiting grenades are scattered centrifugally and explode within a large, virtually circular area. The bomb effectively covers an area of 7,000 square meters.

In comparison with the ordinary 4.2 inch mortar bomb (HE), which covers only 650 square meters, the operational efficiency of the grenade-carrier bomb is 9 times greater, while the cost is only 3 times greater.

The grenade-carrier bomb effectively covers a larger area, while the shaded circle in the center of the picture [picture omitted here] shows the far smaller surface covered by the ordinary bomb (HE). The grenades carried inside the bomb have a hollow head and the interior of their steel casing is pre-scored.

The grenade offers greater effectiveness against personnel because of the adequate quantity and size of the pre-scored shrapnel; it also possesses a very satisfactory armor-piercing capacity because of the hollow head, piercing up to 60 mm of steel armor on impact.

The grenade's Greek-made fuse includes a stabilizing ribbon (parachute), which arms the grenade as it rotates and directs it in its flight into the necessary vertical position.

The mortar's rapid fire creates a continuous wall of fire (saturation) by throwing a large number of grenades at the area of the target under fire (each GRM20 4.2 inch bomb contains 20 grenades). It is also capable of attacking amphibious targets, which makes it suitable for coastal defense as well and makes this weapon particularly important from a strategic standpoint.

The advantages of the grenade-carrier projectile cited thus far pertain specifically to the 4.2 inch mortar bomb.

Artillery Grenade-Carrier Projectiles

The projectiles now directly entering the phase of industrial production at PYRKAL are:

- the 105-mm HE cargo round;
- the 155-mm projectile in two types, the GRM49 and the base bleed with improved range;
- the 8 inch (203 mm) projectile.

The advantages of these can be summed up with the following points:

1. A greater number of grenades per projectile and a correspondingly greater operational efficiency at the target:

—105 mm, 24 grenades;

—155 mm, 49 grenades;

—8 inch, 195 grenades.

2. Larger grenades compared to the 4.2 inch mortar described above and a corresponding improvement in lethality. The 155 mm projectile-grenade, for instance, can pierce 100 mm of steel armor on impact, compared to 60 mm for the 4.2 inch bomb, and has a similarly larger quantity of shrapnel.

3. Large operational area for these munitions because of their long range.

The arguments in favor of producing these projectiles domestically in their grenade-carrier form are:

- the technological infrastructure and experience in the production of grenade-carrier projectiles acquired by PYRKAL in its manufacture thus far of tens of thousands of GRM20 4.2 inch bombs;
- the needs of the Greek armed forces, as well as the prospects for export sales opening up in this field with the demand for these items already existing today (and continuously increasing).

In completing this brief description of this new generation of munitions, we would like to note that this industrial achievement is the result of the efforts of a team of experienced technical experts working and learning at PYRKAL, the oldest, largest, and certainly among the more important military firms in Europe [as published].

In forthcoming issues of this periodical we will return with special articles and will describe at length the technical and operational characteristics of the infantry and artillery grenade-carrier projectiles.

12593

PORTUGAL

War Materiel Shipment to Iran Affected

35420124d Lisbon *DIARIO DE NOTICIAS*
in Portuguese 4 Aug 88 p 5

[Text] The Greek ship Barenbells is scheduled to depart today from the port of Setubal after having loaded a shipment of ammunition, presumably destined for Iran.

Part of the materiel loaded represents an order contracted with the Oeiras Foundation and comprises supplies duly authorized by the Ministry of Foreign Affairs and by the Ministry of Defense, the latter as a sponsor of the war materiel industries.

The loading operations took place in a classified security area guarded by the maritime police, who were also responsible for security of the ship during its stay in the port.

The nature of the shipment required adopting more rigorous rules than those in normal dockyard operations, a situation that was compromised by the presence of curious onlookers who gathered in the vicinity of the port to "see the Greek ship."

The Barenbells arrived at the port of Setubal on Sunday and stayed for 2 days awaiting a space to dock, flying the red flag warning of the presence of dangerous cargo.

The port authorities were surprised at the interest aroused by the presence of the ship and the operations at the dock where it was berthed, stating that this type of port traffic in Setubal is not unprecedented and the security measures are routine procedures when dealing with the loading of classified cargo.

The Ministry of Defense is preparing a program to reconvert national defense industries that until now have primarily been dedicated to the production of ammunition for light arms and artillery.

13026

Speculation on General Staff Chief's Succession

Incumbent Seen Retiring

35420124b Lisbon *O JORNAL* in Portuguese
5 Aug 88 p 8

[Text] General Lemos Ferreira will complete his term as Armed Forces Chief of Staff [CEMGFA] next 8 March, and the government does not intend to grant him an extension, a source in the office of the Minister of National Defense has informed *O JORNAL*.

Even though Lemos Ferreira will not yet have reached the mandatory retirement age by that date, the fact that his current term has already been extended precludes him from being reappointed, in view of the president's interpretation of the National Defense Law.

The law, which was drafted primarily by Prof Diogo Freitas do Amaral, states explicitly that the term of the military chiefs "is 3 years, extendable for one more term of 2 years." Contrary to the statements some supporters of Lemos Ferreira have circulated, that there can be more than one extension, the government's understanding is that there can be only one extension, and thus the current CEMGFA in fact completes his term next 8 March. In addition, the government intends to initiate the procedures defined in the National Defense Law to designate his replacement.

Thus, the government will consider six names provided to it by the Superior Military Council (two for each branch of the Armed Forces). The information obtained by O JORNAL reveals that the choice will be made from between an admiral and an Army general. The general opinion among the various military sources we contacted is that the future CEMGFA will be one of these high officials: Firmino Miguel (currently the oldest chief of staff), Andrade e Silva (currently Navy chief of staff) and Tome Pinto, former commandant general of the GNR and now Army vice chief of staff.

Under the terms of the legislation currently in effect, Lemos Ferreira will go to the reserves after leaving his current duties.

Temporary Succession Predicted

35420124b Lisbon DIARIO DE LISBOA
in Portuguese 5 Aug 88 p 4

[Excerpts] "It is premature to advance the name of the future successor to Lemos Ferreira as Armed Forces chief of staff, and unnecessary to add that the government will not reappoint him," sources close to the military body state, on news that replacement of the current CEMGFA will definitely occur in March of 1989. According to the same sources, if Lemos Ferreira is not reappointed, it is very probable that the Minister of National Defense will propose General Soares Carneiro for the CEMGFA position.

It is a temporary solution, given that the former AD candidate for the presidency, against Ramalho Eanes, would step down to the Reserves in 1990, a situation in which he would already have found himself (he turned 60 last 25 January) if he did not have a lucky star. His selection (by Lemos Ferreira) to be Armed Forces vice chief of staff was the way out found in 1986 for this man who does not refuse power.

The same sources emphasized the fact that months before the extension of the current term—after the initial nomination of 3 years for the position—a little more

than a year ago, news of the same tenor had actually been denied by the government. Months before—a year—the extension of his term, unfounded rumors were circulating on his replacement. Cavaco Silva finally entered the scene to propose to Soares that Lemos Ferreira succeed...Lemos Ferreira.

Soares Carneiro's eventual nomination to head the EMGFA [Chiefs of Staff of the Armed Forces] does not stem from his being the current Armed Forces vice chief of staff, as the National Defense Law itself recommends (but which Cavaco did not apply to the Navy with regard to the natural successor to Sousa Leita), but in order to provide the best solution, for 1 year, for naming one of the two most serious candidates to the position: Andrade e Silva and Tome Pinto.

The same sources were of the opinion that the latest occurrences in the Army, from the publication of the "pink version" of the colonial war—a quite controversial book within the Armed Forces—to the disasters of the "commandos," would have eliminated Fermino Miguel's chances of being today the strongest candidate for heading the EMGFA.

In his place, the Army candidate would be Tome Pinto.

However, both the Army vice chief of staff or Adm Andrade Silva are in the posts they have currently occupied for only a little time. It would be advisable, say our informants, that they remain in those positions for more than a year, as the government would then have to name one of them (or a third party) to head the EMGFA, where Lemos Ferreira would no longer be—temporarily "surrendered" by Soares Carneiro.

13026

Controversy over New Frigates' Crew Assignments

35420124c Lisbon DIARIO DE LISBOA
in Portuguese 6 Aug 88 p 3

[Excerpts] The Navy is prepared to provide helicopter crews for the future German Meko 200 frigates. The "war of the helicopters," as the dispute between the Air Force and the Navy has come to be known, should be resolved shortly and, according to DL sources, should be won by the Navy. Despite everything, controversy has surrounded the provision of crews for the Meko 200 helicopters within the Armed Forces.

"The Navy Will Have Aviation" was the headline on the first page of our edition of that day, which discussed Eurico de Melo's "new idea" of providing the Navy with air capability. The project caught the FAP [Portuguese Air Force] by surprise. Despite having named a working group to "perform studies and propose solutions in various areas with respect to the installation of helicopters on the Meko 200 frigates," according to information provided to the DL, the minister of defense inclined toward giving the Navy responsibility for these crews.

In the view of some observers, Eurico de Melo now disposes of all the trump cards to "topple" Lemos Ferreira, who argues that the helicopters for the Mekos should fall under the auspices of the FAP. The Armed Forces Chief of Staff [CEMGFA] has maintained that position, against the arguments of Firmino Miguel and Andrade Silva, who are united on this point and now on the way to succeeding the current CEMGFA. In fact, all the military branches "mix" substantially in the most diverse activities at this time, seven months from the end of Lemos Ferreira's term in the EMGFA.

Impossible Consensus

The dispatch released by the Ministry of Defense on 31 May of this year (No. 31/MDN/88) regarding the installation of helicopters on the frigates in question communicated to the CEMGFA "the important and complex questions surrounding the Meko," appealed, for that reason, for a "basis for agreement," and backed Lemos Ferreira in coordinating the affair.

However, the DL has been informed that the minister himself, in the Supreme Military Council meeting this year in which the issue was debated, emphasized the need for the Council of the Chiefs of Staff to "take a position on the most relevant implications surrounding the installation of the referred helicopters," though under Eurico de Melo's terms.

It has not been easy to resolve the dispute, given the interests involved. As a result, on 22 April the CEMGFA had named the participants in a working group to study the functional integration of the Armed Forces. The Armed Forces Chief of Staff's directive recommended that the said helicopters be organized in a detachment and delivered to the FAP, as the FAP would be the branch that would provide "the greatest economy of means and operational efficiency."

It is to be noted, as well, that the same directive emphasized the participation of the Minister of National Defense in defining the branch of the Armed Forces in which the "helis" should be operated, after having presented a proposal by the CCEM which favored the Navy's intentions.

Concept From 1952

What is disputed in military circles is a military concept from 1952, when the FAP was created and the government of the time finished the air components of the Army (the so-called fifth arm of the Army) and the Navy ("Naval Air").

"Without going into a whole range of detail, note that the 1952 decision reflected the realities of our country and the possibilities and potential, both current and projected, when Portugal was already a member of NATO," military sources say.

The doubt put forward is this (at least in circles close to Restelo): Given the scarcity of available resources, and the high costs associated with training, maintenance and the operation of aircraft, can Portugal in good conscience provide crews and expend these efforts? The question remains, keeping in mind the existence of the OGMA in Almerca, with few knowing where these "helis" will be repaired should they be assigned to the Navy.

13026

SWEDEN

Armed Forces Commander To Propose Eliminating 11 Regiments

Proposal in Secret Plan

36500160 Stockholm SVENSKA DAGBLADET
in Swedish 1 Aug 88 p 6

[Article by Mats Knutson]

[Text] The armed forces commander is going to suggest that eleven regiments with 6,000 employees be closed down.

The fact that as many as eleven regiments are threatened was confirmed by the Defense Staff, which does not want to give specifics, however.

Defense List

Today Roger Johansson, chairman of the Swedish Army and Air Force Reserve Officers Association, names the regiments:

I-2 in Karlstad, I-3 in Orebro, I-11 in Vaxjo, I-14 in Gavle, I-15 in Boras, I-16 in Halmstad, I-17 in Uddevalla, P-2 in Hassleholm, Ing 1 in Sodertalje, T-2 in Skovde and S-3 in Boden.

Roger Johansson reveals this list in a guest commentary in the SVENSKA DAGBLADET today.

"None of the eleven regiments have been officially designated, but I can guarantee that at least 10 of the regiments mentioned above are on the list that the defense staff is working on right now," he says.

The list of the regiments that are threatened with closing and the Defense Resolution FU 88 will be delivered to the government on September 30.

Seven regiments might be closed down before 1995 and an additional four regiments may be considered for closing by the end of the 1990's if the Defense Resolution of 1992 contains economic parameters that are unchanged.

Confirms Proposal

"The armed forces commander and I have agreed not to say anything about this until September 30. That means that I do not want to comment on this list at all," said the army chief, Lt Gen Erik G. Bengtsson to the SVENSKA DAGBLADET.

He confirms, however, that a proposal exists where he does specify those regiments that might be subject to closing.

The information chief at the Defense Staff, H.G. Wessberg, says that as many as eleven regiments might be closed down.

"This is what the economic realities are forcing the defense to do if it has to stay within the current parameters," he explains.

Col Ulf Ling-Vannerus, regimental commander at I-2 in Karlstad, is skeptical of Roger Johansson's list.

"I have never heard of the report," he says.

Borders NATO

"It is inconceivable that I-2 could be closed down. Since we have a common border with a NATO country, Moscow would view it as a less than credible expression of Swedish neutrality policy."

Col Kaj Sjosten, regimental commander at I-17 in Uddevalla, says that he is not aware of any reports that I-17 should be threatened with closing.

"I can't say that the man is lying when he suggests this. On the other hand, I do know that he is not quoting any official source," says Kaj Sjosten.

Col Tord Bjorkman, regimental commander at T-2 in Skovde says that he is unaware of the threat of closing.

"The armed forces commander has said, however, that eleven regiments are probably going to be closed down south of the Dalalv. and I am sure that I am not the only regimental commander who is worried," he says.

Officers Association Chairman Comments

36500160 Stockholm SVENSKA DAGBLADET
in Swedish 1 Aug 88 p 3

[Guest commentary by Roger Johansson, chairman of the Swedish Army and Air Force Reserve Officers Association and information chief at Swedegas AB: "When the Commander Wants To Close Down 11 Regiments"]

[Text] The armed forces commander will give the order after the election. He is going to propose that eleven regiments be closed down: I-2 in Karlstad, I-3 in Goteborg, I-11 in Vaxjo, I-14 in Gavle, I-15 in Boras, I-16 in

Halmstad, I-17 in Uddevalla, P-2 in Hassleholm, Ing 1 in Sodertalje, T-2 in Skovde and S-3 in Boden. Six thousand employees will be directly affected.

The generals are now arguing openly. Two groups are each trying to strengthen their own position by various means. The defense leaders, headed by the armed forces commander and the army chief, are pleading for a qualified defense on a highly technical level and therefore fewer units. The other group consists of a number of generals and colonels who want to see a "bow-and-arrow defense"—many units with less sophisticated equipment.

The arguing generals have one thing in common. They have accepted the precondition that defense allocations will remain unchanged. To be sure, it is said that the proposed recommendations are a consequence of the lack of resources, but instead of arguing in favor of giving the armed forces sufficient resources, they all plead for their version of the cuts.

Defense Misfortune

This "acceptance of the situation" is the defense's misfortune. During the last 20 years, each Defense Resolution—even the "trend-breaker" in 1987—has meant a serious reduction in the capability of the defense. Before each Defense Resolution, the armed forces commander has stated the economic levels that he finds absolutely necessary and then he has accepted the considerably lower levels that he has received. It is difficult to create credibility after two decades of crying "Wolf!"—since everything has worked out so far.

The very extensive reductions in our country's defense capability are not due to a reduced threat. The importance of a strong defense for the credibility of our security policy has become increasingly accentuated, while the actual capability keeps being reduced. Our inability to defend our own territory is apparent and not only to us.

The current economic crisis is a result of many years of shortages. The replacement of materiel has constantly been reduced and postponed for an indefinite future. During the last couple of years, the refresher courses, which are the mainstay of a conscript defense, have been cancelled for more than half the war organization. The government has invested the scarce resources in rearranging the military authorities and in giving improved benefits to the draftees.

We can already see what is going to happen. The reductions proposed by the armed forces commander are a consequence of the resources being insufficient for maintaining a reasonable war organization. Since the armed forces commander cannot suggest that a quarter of the draftees be exempt from military service, which would be justified by the strongly reduced war organization, he tries instead to introduce short-term training. This

would mean that our 18-year-olds might draw assignments of anywhere from 2 and ½ months to 15 months of basic training. Because of the short-term training the opportunity is created for closing down a number of regiments.

Even this is too hard to swallow. Certain politicians, the defense minister among them, have already begun to say that the short-term training is unacceptable. The military-communal group is going to oppose the elimination of units. Given the precondition—apparently inevitable—that the allocation of resources will not be increased, the result will be that the armed forces commander is forced to train more draftees for a longer period of time than he can afford. He is forced to keep more regiments than he can afford to run and the government will tell him bluntly to "redistribute the resources."

There is not a great amount of resources to redistribute.

This will result in the defense having even less qualified materiel, old equipment will become older, a great number of Swedish men will be expected to accept being assigned to units which do not have a reasonable chance when meeting an attacker, and the refresher courses which are a requirement for a conscript defense will cease.

Two Billion Kronor

What is the alternative? Reports reveal that, in order to reach a level that is reasonable considering the threat picture, 2 billion kronor per year are lacking. In the fiscal year 1987-88, the defense cost 28 billion kronor which was 8.1 percent of the state budget. As a comparison, the activities of the ministry for social affairs cost 93 billion and the ministry of education 44 billion.

For an additional 2 billion kronor—a 0.6 percent increase in the defense share of the state budget—our country could maintain a defense force which might reasonably be considered a credible support for our security policy. It would be remarkable if we couldn't afford that.

Defense Committee Chief Concerned

36500160 Stockholm SVENSKA DAGBLADET
in Swedish 4 Aug 88 p 3

[Guest commentary by Arne Andersson, a member of parliament and chairman of the defense committee: "Defense or Disarmament"; first paragraph is SVENSKA DAGBLADET introduction]

[Text] "Are we going to have a defense debate or a disarmament debate?" asks Arne Andersson, chairman of the defense committee. It is important that the Swedish people understand that we are facing a significant choice: defense of the whole country or disarmament. The directives received by the Defense Resolution FU 88 lead to disarmament.

"Why pick on me and the army chief instead of the requirements we have to meet," said the armed forces commander in an interview about the Defense Resolution FU 88. Of course he is right, the parliamentary resolution in the spring of 1987 decided the economic parameters as far as the Army was concerned, irrespective of the fact that a decision on the actual content would be made first 2 years later.

Perhaps the armed forces commander and the army chief are innocent of the criticism that is now being leveled at them, but I am not really sure. In my opinion, both of them have neglected too many times to present their proposals as descriptions of consequences—the consequences of the economic situation they have to take into consideration, the consequences of the parliament deciding on the economic parameters for an army organization it could not visualize.

Furthermore, and you cannot criticize either the armed forces commander or the army chief for this, the preparation of FU 88 has been made with such commitment that you sometimes get the feeling that they are beginning to believe that FU 88 is a solution to Sweden's general defense.

Would the armed forces commander and the army chief have been unfaithful to their task if they, at the same time, had reported on the cost of other solutions as consequences of the security policy decided on by the parliament? I do not think so.

In Their Own Behalf

I am worried that the debate between the various levels of military representatives has been conducted in such a manner that the Swedish people in general have been given to understand that the debate is academic and that Sweden's defense remains equally strong no matter which path we choose. Of course this is not the case. It cannot be denied that voices in western Sweden have raised questions about the current lack of priority in the defense of western Sweden. Is it possible that they are handicapped by speaking in their own behalf?

For unfathomable reasons nobody so far has asked in earnest what it will cost to provide Sweden with a stronger defense. Is it presumptuous on my part, as chairman of the defense committee, to ask the question? Should I know the answer already? I am asking the question now. I take it for granted that the security-political estimate, on which the parties agree, could not be met by a considerably reduced armed forces organization. You may have as many economically motivated reasons as you want.

In his committee directives for the parliamentary investigation of FU 88, which will take about 2 months this winter, the defense minister said, among other things: "The budget is fixed and constitutes the economic parameter within which the committee is to consider and present its proposals." If the defense minister feels that the fundamental features of FU 88, which are already known, are satisfactory—with the reductions of peacetime units and of war brigades, as well as the downplay-

ing of the general draft—it is nevertheless improper to invite parliamentary discussions, when neither the directives nor the time allow a real effect on the results. The directives are so unreasonable that it is actually surprising that the social-democratic defense politicians themselves have not raised objections. The fact that opposition parties are participating is so inexplicable that it could possibly be explained as a misunderstanding.

Strengthening

How beneficial would it be if the defense debate could be focused on a strengthening of the Swedish defense? Are we prepared to fight for the general draft with good basic training for all? Are we prepared to participate in the costs of refresher courses? Do we doubt that there is a connection between our strong will to defend the country and the local regiments? Do we dare to find out whether the supply of materiel for the defense is adequate? Do we dare to penetrate the connection between our own strong defense industry and the confidence in our neutrality policy?

Many more questions could be asked. Let us accept the debate. When it is over perhaps the Swedish population in general will be better able to answer the question of whether we should defend the whole country or, as now, tread the dangerous path of disarmament.

12339

TURKEY

New Ships Give Aegean Power Edge
35540166 Istanbul HURRIYET in Turkish
17 Jun 88 p 21

[Text] Two of the three frigates, Yavuz, Turgut Reis, and Fatih, which have improved the power of Turkish Naval Forces in the Aegean will, for the first time, participate in Sea Wolf-2 exercises next month following the opening of Fatih Bridge.

According to sources, the opening ceremonies at the Fatih Sultan Mehmet Bridge on 3 July will not only demonstrate the economic achievements of but in a sense will show the levels reached in the modernization of our defense industry. Along with the Yavuz and Turgut Reis frigates which were built in the FRG, a similar frigate, Fatih, built in Turkey's Golcuk Military Shipyard, will conduct a saluting cruise during the ceremony.

Two of these frigates which after many years changed the balance of war power away from Greece and tilted it towards Turkey in the Aegean, immediately following the ceremony at the Fatih Bridge, will sail to the Aegean Sea for Sea Wolf-2 exercises. These very modern war machines, equipped with systems capable of hitting two war planes from a distance of 140 kilometers, two above water targets and two submarines simultaneously, will for the first time during the exercises in international waters of the Aegean, serve as, in military jargon, a "show of muscle."

According to military observers, when comparing Turkey to Greece, with whom we came to the verge of armed conflict many times, Greek Naval Forces were superior in numbers and war capability until now. The two technologically advanced rocket launching, Elli class (Dutch Kontanear class) Greek frigates were causing concern. Now, however, four frigates, three of them already in our Navy fleet and one MEKO 200 T type still under construction in Golcuk, shifted the balance, such that, military proclamations with regard to the warm approach from Papandreou on the eve of Davos began to persistently emphasize that "The four new frigates obtained by the Turkish Naval Forces Softened the atmosphere in Athens."

12777/12232

DENMARK

Farmers in Record Debt Spiral

36500150 Helsinki HUFVUDSTADSBLADET in
Swedish 14 Jul 88 p 11

[Article by Sigyn Alenius]

[Text] Within 50 years there won't be more than 20,000 full-time farms in Denmark, according to the experts. As late as 1970 the figure was 150,000. In most Western countries today one hears about the agricultural crisis; concentration and efficiency are the answers. Denmark is no exception despite its old agricultural tradition and EC membership.

The paradox is that precisely with the the establishment of the common market in 1973, the flood of loans started which has resulted in the Schluter government intervening with billions to help. Danish agriculture continues to produce food for three times as many people as Denmark's inhabitants; two-thirds of the production is exported. Agriculture is the basis for over one-third of all Danish exports. But today a large number of the current 90,000 farms, of which half are full-time farms, are so debt-ridden that without help they are going bankrupt.

Entry Into the Common Market's (EC) Beginnings

Denmark went into the common market in 1973. That and the following year were the high point of common market guidelines. The disposal of all kinds of agricultural products was guaranteed in advance. Prices were somewhat higher than the world market, and the agricultural program absorbed over two-thirds of all EC funds. The system became untenable.

The Danish farmers viewed entry into the common market with great hopes. They put up new buildings, bought masses of new machines, animals and land—all on credit. Actually, it was not as foolish as it perhaps appears today. In those years the government urged farmers to make these investments. And in the beginning things went well.

The basic view of EC when agricultural guidelines were established was that Europe's farmers should attain the same standard of living as other economic sectors, and at the same time expand agriculture as a basis for EC self-sufficiency which did not exist in the beginning.

But it went too far. Not only self-sufficiency but overproduction was attained, which quickly became a mountain of butter, meat, dairy products, olives and seas of wine which in later years have cost the EC much money.

Penalty for Overproduction

The EC put on the brakes. First, the production over a certain level for certain items was stopped. Then punishment, i.e., fines, was established for exceeding the

level. Agricultural prices which had increased faster than other prices had to stay in step with price increases in other sectors, and today are considerably less.

All this has naturally affected profitability in Denmark. And then came the fall of the dollar. A significantly important part of Danish agricultural exports go to the United States (primarily tinned ham), or are paid for in dollars. There was a corresponding price decline for the Danish farmers.

A quite important share of the agricultural production has over the years gone to Japan, but there the authorities have for various reasons periodically reduced imports. Sometimes the Japanese have cited health concerns, and other times, Denmark was afflicted with an epidemic of foot-and-mouth disease, so the Japanese closed the market completely for a while.

And first and last the Danish farmers often confront serious economic problems as a consequence of the high interest which they must pay on the loans they took out during the first years of the common market. Disposal within the common market has become more difficult, production has been reduced, but the interest burden remains the same.

Inflation Dropped

Inflation, on which the farmers also speculated and which was around 15 percent for several years during the seventies, now is around 4-5 percent. That naturally has an impact on the loan amounts, which are not decreasing as they once did.

A further cause for the Danish agricultural crisis is that the British have become poorer and more sensible in their food habits.

Bacon and eggs cost money and have cholesterol. Exports to Great Britain were for many years Denmark's most important [export], and they have decreased significantly. Added to the picture is the fact that the Danish agricultural problem has been accentuated as a result of the Dutch expanding and differentiating their agricultural production and exports much quicker than the Danes.

One-Sided Production

Denmark relied altogether too long on bacon and eggs. Today Holland has a large array of different kinds of products and has acquired a large part of Denmark's former markets.

The last measure before parliament went on vacation last week was to pass the agricultural support proposition which the Schluter government had laid out even before the May election.

Help is selective. It is not a matter of "old-time" agriculture across the board. There are farms which are doing well and they will receive nothing. There are also farms where the earnings are so far below the debt burden that even the help which the government is backing is not sufficient. They will get nothing. They must simply share the fate of thousands of farms which have gone bankrupt in recent years.

Help will be given to those who have the chance of making it if they can exchange their expensive and high-interest loans for cheaper ones guaranteed by the state.

One of the prerequisites for getting help is that a farm will be a full-time operation. If it is worked less than 900 hours a year, no help will be given. Here it is a question of farms whose owners have other jobs and thus are not so dependent upon agricultural income. The number of such farms is calculated to be 15,300. The number of farms so burdened with debt that they cannot be helped is calculated to be 15,200. Some 16,500 are in the group where help is feasible and will be given.

Cheap Loans

The main proposal for help is: index loans at low interest, loans in the form of bonds which nominally pay 7-8 percent. The state will buy them if no one else wants to, and loans abroad. There interest is lower, and agriculture guarantees collectively against the foreign exchange rate increasing so interest becomes more expensive.

All told, a debt of 23 billion Danish kroner can be exchanged by these three measures for cheaper loans. The state calculates that the cost of this in the next few years will be between 5 and 6 billion kroner.

The reason why interest rates are so high now and consequently why the interest burden has become so great is because the rate was about 20 percent in the seventies, when Denmark joined the Common Market.

With this restructuring the law will also be changed so several farms can be combined. It has previously been forbidden. But this social consideration in and of itself has proven to be unprofitable and therefore is being abolished. The cultivated area of farms will from now on be allowed to be up to 50-60 hectares. During the fifties 15 hectares was the maximum.

The question of collective ownership and operation in agriculture will also be taken up this fall in parliament. The Schluter government has heretofore opposed such thoughts which have come from the Social Democratic side. With the trend toward large operations which are built in the structural change one must count on both corporations, cooperatives and eventually other forms of collective ownership and operations allowed.

6893/6091

FEDERAL REPUBLIC OF GERMANY

Joint Ventures Mark Progress in Cooperation With USSR

36200207a Frankfurt/Main FRANKFURTER
ALLGEMEINE ZEITUNG in German 26 Jul 88 p 11

[Unattributed article: "Joint Ventures Take Time"]

[Text] Bonn, 25 July—Some 10 agreements for Soviet-German joint undertaking projects (joint ventures) have been concluded to date, and a total of approximately 40 agreements with Western partners. The government of the Federal Republic welcomes this as gratifying progress in the West's cooperation with the Soviet Union. This cooperation is regarded as both capable and in need of being expanded. This statement is made in an interim assessment of Soviet-German cooperation in the field of economic projects by the Federal Ministry for Economics which was published on Monday.

But the ministry clearly warns against overly inflated expectations. The establishment of joint ventures as the highest stage of cooperation still requires a lot of time. Experience has to be gained from the first joint ventures. It is expected of the Soviet side that the prerequisites for economic cooperation—primarily the working and living conditions of companies and their employees—are to be further improved. The majority of Soviet-German joint projects undertaken are in the field of machine construction. Additionally, there are two joint shoe factories, a printing plant, a furniture factory and chemical plants. The economics ministry regards the participation of mid-sized companies as desirable. It is more difficult for them, however, to take the financial risks and to dedicate personnel to such projects for longer periods of time.

The ministry sees a growing willingness on the part of the Soviets to experiment with new forms of cooperation. As an example, plans for consortia are cited—plans which are, to be sure, not yet "very firm." In addition to the project builders and Soviet authorities, foreign financiers are also to participate in these consortia for large-scale projects—such as on the Kola Peninsula. Moscow's intention of establishing more joint ventures abroad and of participating in Western markets is also evident.

13238/08309

Bangemann Sees Chance for Economic Growth in 1989

36200207b Frankfurt/Main FRANKFURTER
ALLGEMEINE ZEITUNG in German 1 Jul 88 p 14

[Unattributed article: "Bangemann Censures Institutes' Pessimism"]

[Text] Munich, 30 June—Federal Economics Minister Martin Bangemann has expressed sharp criticism of the (meanwhile already revised) pessimism of certain economic research institutes, particularly the pessimism

they voiced last year. He pointedly included the Munich IFO Institute [Institute for Economic Research] in this, whose annual meeting he addressed. He admonished it for producing "five differing estimates" in the past year and he came out in favor of a "more consistent, general approach."

IFO President Karl Heinrich Oppenlaender conceded that the institute's fear that the stock market crisis and subsequent currency turbulence would cause economic growth in 1988 to stagnate, had not proved to be true. Entrepreneurs and private households had quickly overcome the initial shock, and in the meantime the IFO Institute's business climate index for trade and industry has again slightly surpassed the level it had attained prior to the stock market crisis of October 1987. The mood of consumers is also displaying an upward trend again, and a similar picture prevails for the industrial countries as a whole. But on the periphery of the meeting Arthur Krumper, a member of IFO's executive board, took issue with the impression that the institute had "intentionally wanted to make propaganda." Economists should also be granted the opportunity of making mistakes.

Bangemann and Oppenlaender agreed that this year's GNP could grow by approximately 2.5 percent, thereby exceeding the institute's spring prognosis. Oppenlaender cautioned, however, that this would not be especially satisfactory. The weak point is once again the investment trend, and such growth is too small for an increase in it. Bangemann countered critical remarks from the unions by observing that one should "put aside considerations of wealth distribution for 3 years" and think about investing.

In Bangemann's view, the prerequisites for growth in 1989 are better as well. Thus, the Organization for Economic Cooperation and Development (OECD) is proceeding on the assumption of an increase in world trade volume of 6 percent, and for the Federal Republic it expects growth of about 1.75 percent in 1989. But the IFO Institute sees risks for next year's economic prospects. On the one hand Oppenlaender pointed to a change in the direction of fiscal policy through use of revenue taxes, increases in consumption taxes, and possibly an increase in the rate of contribution to unemployment insurance, and on the other hand he contended that monetary growth will decline and interest rates will display an upward trend. Finally, the growth rate in the Western industrial countries will decline. Even if the growth rate should somewhat exceed the 1-1.5 percent predicted by the institutes, the economy "would hardly find itself on a satisfactorily steep upward path of growth."

FINLAND

Impact of Curtailed USSR Trade on Domestic Economy Described

36170092 Helsinki *HELSINGIN SANOMAT* in Finnish
6 Jul 88 p 25

[Text] Almost five billion marks worth of completed export sales to the Soviet Union will be shifted at least to next year because of the trade imbalance between the two countries. The trade difficulties will also take away jobs: it is estimated that this year trade with the Soviet Union will employ only 76,000 workers, while just last year 89,000 persons obtained their living from exports to the East.

Companies have concluded contracts valued at a total of 700 million rubles or nearly five billion marks for which export licenses cannot be granted this year because of the difficult situation in trade with the East.

Practically all of this year's exports to the Soviet Union have been licensed. The Licensing Office has approved a total of 1.6 billion rubles for export, but no more can be exported to the Soviet Union at this time. If the price of crude oil should fall to the presently prevailing low market level, the deficit in trade with the East would grow further.

It will not be possible to loosen the Eastern trade knot without special measures, because Finland still has an export surplus of about 4.5 billion marks with the Soviet Union. The deficit in the clearing account between the countries was 350 million rubles at the end of June, and 285 million rubles were transferred to special accounts, the repayment of which begins at the end of next year.

The crisis in trade with the Soviet Union, which has been going on for three years, has only deepened. The combined imbalance, including contracts that have already been concluded, is now a record-breaking 1,335 million rubles or nearly 9.5 billion marks. Possible measures in connection with the payment arrangements are to be worked out in the payments working group of the Economic Commission, whose recommendations are expected next fall.

The effect of Soviet trade on employment began to be clearly seen this year, now that the level of trade has fallen. Many companies in the textile branch, such as Tiklas, Janstorp and Rentto have announced that difficulties in trade with the East were the cause for terminating their employees. The shipbuilding industry, in particular Rauma-Repola and Wartsila, has given notice to 1,500 employees.

Licensing Office Is Strict

How much the decline in trade with the East has affected employment is a matter of conjecture. It is difficult to obtain precise data on the numbers of persons laid off and the reasons for this. This makes it hard to analyze the situation.

In issuing licenses the Licensing Office follows a strict and emphatically impartial line. As an exception to this rule there is an effort to ensure the continuation of project exports, so that it will not be necessary to resort to sending workers home.

The Licensing Office is granting export licenses for 70 percent of the quotas stipulated in the commodity exchange agreement. This estimate is based on the assumption that the oil price will be about 15 dollars, which may be optimistic, if the prevailing market situation continues to the end of the year.

A second principle has been the attempt to keep ongoing construction projects operating. The license shortage threatened already at the end of spring to lead to sending home the first Finnish construction workers from the Soviet Union. Without extra licenses all of the construction workers in the Soviet Union, an estimated 3,700 employees, would have had to be sent home by the end of fall, and the construction sites would have had to be closed until new licenses were issued.

12895

Finns, Soviets Dispute Blame for Problems in Balancing Trade

Pugin: Finns Too 'Passive'

36170097 Helsinki HELSINGIN SANOMAT in Finnish
20 Jul 88 p 23

[Text] In a KANSAN UUTiset interview, Soviet trade representative Vladimir Pugin places full blame for the management of trade with the Soviet Union on Finnish officials and firms.

Receiving their share of the blame were, among others, the metal industry and the construction trade, as well as the Export and Import License Office. Pugin accuses the firms of being slow to make connections and reluctant to participate in Kola Peninsula megaprojects.

Pugin finds fault with the metal industry, only 3-4 percent of whose imports stem from the Soviet Union. In Pugin's opinion, that does not nearly correspond to Finland's needs or to the Soviet Union's capacity to supply.

Pugin says that often Finnish firms do not even invite bids from the Soviet Union, but afterwards it is claimed that the Soviet Union is incapable of delivering the goods. This claim holds true in fewer and fewer cases, according to Pugin.

Pugin is also surprised by the Finns' lukewarm interest in projects on the Kola Peninsula. Negotiations have been conducted for some time, but not one concrete project has [been developed as a result], while other Western countries have progressed much further, Pugin says.

In the general development of trade, Pugin compares Finland with Sweden. He points out that the exchange of goods between Sweden and the Soviet Union grew 20 percent last year, and Soviet exports to Sweden have increased 43 percent. "Perestroika is in full force there," Pugin contends.

Pugin says the construction industry's trade relations are like a lopsided hockey game between Finland and the Soviet Union. "The number of construction sites in the Soviet Union is extremely high, but there isn't a single joint construction site on Finnish soil."

He sees opportunities for collaboration mostly in the construction of electric power plants.

Few Finnish Firms Active

According to Pugin, perestroika affects trade relations in that firms which have received the right to import and export cannot be forced by anyone to do business. They conduct business with Finns only if it is advantageous to them. Some Finnish firms have been active in making contacts, but there are very few of them, Pugin estimates.

Pugin says that the trade mission on Tehtaankatu works daily in cooperation with Finland's Export and Import License Office. "We understand the Finnish side's difficulties, and sometimes the Finns understand our difficulties," he admits.

Because of licensing problems, trade has gone elsewhere. The Soviet Ministry of Wood-Processing Industry intended to buy paper from Finland and sell cellulose in exchange, but for lack of a license the deal was made with other countries.

There are no plans to cancel the trade protocol because of these problems, Pugin asserts, but the present situation will affect future agreements. Pugin hopes to have this year's payment and credit questions resolved by the beginning of September. The meeting of Economic Commission Chairmen Kalevi Sorsa and Vladimir Kamentsev is tentatively scheduled for the seventh day of September.

Newspaper: Soviet Initiatives Awaited

36170097 Helsinki *HELSINGIN SANOMAT* in Finnish
24 Jul 88 p 2

[Editorial: "Ball Is in Soviet Court"]

[Text] The debate on the present status of trade with the Soviet Union is heating up. Jermu Laine, former minister of foreign trade and current director of the National Customs Board, considers muddled management of the Soviet economy the reason negotiations have not progressed. Soviet trade representative Vladimir Pugin threw the ball back and criticized the Finns who ordinarily trade with the Soviet Union for their lackadaisicalness.

Pugin's criticism is in large part familiar. Because of his position, he must respond to reproofs. Nevertheless, Pugin should have remembered what this alleged lack of enterprise is due to. There is a virtual freeze on export licenses, and a balance of trade is being fashioned by an iron hand. The reason is Finland's clearing account of several billion markkas: The goal is to reduce it to zero by the end of next year.

Pugin reproached large-scale Finnish firms for being reluctant to participate in joint enterprises. According to him, Finns are falling out of the race for projects on the Kola Peninsula. Finnish entrepreneurs in the metal and construction industries are not sufficiently interested in Soviet products, Pugin jokes. Finnish firms are silent in the face of these accusations. A constructive dialogue on how to get trade onto a realistic track is, however, important to both sides, but especially to Finland. It is clear that Finns must be more active in promoting trade. It is worthwhile to ponder this if we are accused repeatedly of listlessness.

Finland's former minister of foreign trade has shed some light on the impasse in trade with the Soviet Union. He has stated publicly what all the trade negotiators know, namely, that the Soviet Union's economic reform has practically brought the transaction of business to a halt, while the ranks of the opposite party are in disarray. For all practical purposes, the situation is stagnant. Finland has made its proposal—maybe several of them, unofficially—on how to handle the clearing account of several billion markkas without balancing trade by the current harsh measures. An alternative is clearing-account interest and long-term credit protected from possible devaluation of the ruble. A response from the Soviet Union has not been received, though one is expected. This is disappointing, of course, and the Finns have reason to demand a more vigorous trade arrangement. Hopes now focus on the beginning of September when Kalevi Sorsa meets with Vladimir Kamentsev, the other chairman of the Economic Commission.

The talks will not affect the problem itself, the clearing account of several billion markkas. What it really boils down to, after all, is verbal shadowboxing. The clearing

account is a headache for Finland, whose money is at stake. On the other hand, the Soviet Union has gained an interest-free period in which to pay for the goods it imports. Why would it hurry to promise interest on a debt until the very last moment? The situation becomes worrisome only if it does not receive the merchandise agreed upon.

Yet the present situation is substantially different from earlier periods of imbalance. Time will not put trade relations into proper working order. Finns cannot wait for a possible rise in oil prices, new and suddenly concocted imports, or the felicitous impact of joint enterprises. It is not possible to raise imports from the Soviet Union to the former level of expensive oil [imports].

What remains is a reduction of exports to the level of imports, because both countries are of one mind about continuing to trade mostly on a bilateral basis. Transactions would increase somewhat if shipping trade were removed from the bilateral system and conducted on a credit-granting basis.

12327/9604

Industry Ministry Projects Energy Outlook to Year 2030

36170094 Helsinki *HELSINGIN SANOMAT* in Finnish
28 Jul 88 p 23

[Text] Increase in energy consumption will level off and go into decline in Finland during the first decades of the next millennium, provided that Finnish society continues to develop along present-day lines. This trend will result from slackening economic growth, population decrease and significantly more efficient energy use.

The Ministry of Trade and Commerce makes this prediction in its publication "Energy Economy in 2030," which outlines the energy situation over 40 years from now, assuming that no major upheavals will take place in Finland, out in the world or in technical processes.

Along with these projections, threats to peaceful development were considered. Intensifying environmental problems particularly are expected to cause radical changes in energy policy.

The peaceful development outlined in the report would lead to the halt of the growth of total energy and electric energy consumption fairly soon after the year 2000. At the most, the country would consume about 40 percent more energy than at the present. However, it is estimated that the need for electric energy would go to 60 percent above the current need level.

In the absence of surprising changes, energy production methods would not differ significantly from the present ones, except in that oil would yield its present dominance to coal, which would produce 25 terawatt hours instead of the present 4.

Natural gas would gain in importance, but nuclear energy would be produced at the present quantity. The use of fuel peat is expected to go up to the level of other domestic energy sources. New and renewable sources of energy will enter the markets, although their share by the year 2030 would still be insignificant, the report predicts.

The report, intended to form the basis of energy policy discussion, estimates that the decrease would take place as follows: one third in industrial heat production, one fifth in electricity and just under one fifth in the heating of residential buildings.

However, to realize the outlined savings, purposeful and strong energy policy measures are needed, and there is a danger that not enough emphasis will be put on conservation.

Continual rise of income tends to lead to lessening interest in the conservation of energy, the report points out. The situation could change if the cost of energy goes up significantly, but the country's entire energy policy cannot be based on this assumption alone.

Technically, it would be possible to conserve more than predicted. The survey examines the question of how much it would be possible to increase the efficiency of energy production and at what cost.

It concludes that by using the best possible technology, it would be possible to achieve a 10 to 20 percent cut in heat consumption and a nearly 10 percent cut in electricity use from the current levels.

The cost of the cuts varies greatly from case to case, but at the present price levels, conservation would not be particularly profitable.

It appears that presently feasible conservation measures will be in full use in 20 years from now; however, strong government actions could shorten this time.

The report emphasizes that the obvious intensification of environmental problems may have a pronounced effect on the energy decisions. The intended decrease of sulphur dioxide emissions and the halting of the increase in nitric oxides might not be sufficient measures to arrest acidification.

Additional signs of tightening environmental legislation can also be predicted on the basis of estimates to the effect that by the beginning of the next century, increased energy consumption will have raised the carbon dioxide content of the atmosphere to an extent that will cause discernible changes in the global climate.

There are no commercially available technologies at the moment that would satisfy the most stringent requirements outlined in the Ministry of Trade and Commerce developmental model.

New technology is needed, especially for the burning of coal, where, for example, 90 percent of the sulphur output should be eliminated.

Also ordinances regulating the burning of oil and residual liquors, as well as those regulating oil quality, have to be made tougher. The presently available technologies could meet these demands, but major investments would be necessary to implement them.

In the event that new technologies cannot be implemented to make it possible to comply with tougher environmental legislation, subsequently necessary energy policy measures will invalidate the outlined models for energy consumption and production.

In that case, tougher measures would be taken to restrict the growth of energy consumption and to steer energy production to the fuels that exert less strain on the environment. This alternative would rely heavily on natural gas, biomass and nuclear energy.

Tougher restrictions would mean additional expenses. Producing electricity by burning coal would be about one third more expensive than outlined, which for its part would alter the competitive position of energy sources.

However, the report emphasizes that forecasting a situation 40 years from now leaves room for extremely divergent developmental trends. Improvements in energy technologies could in the coming millennium lead to a radically different development.

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FRANCE

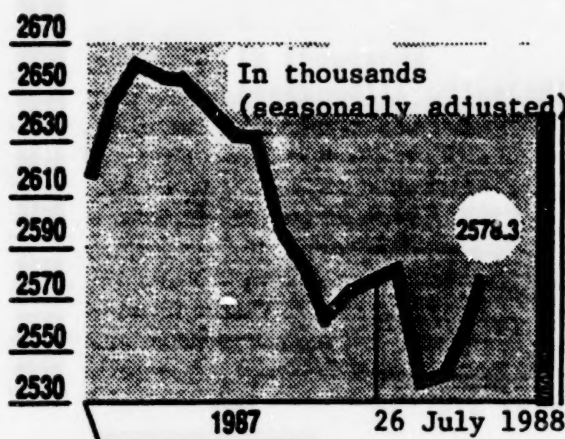
June Statistics Show Unemployment Rise
35190091b Paris LES ECHOS in French
27 Jul 88 pp 1, 4

[Article by Claire Guélaud]

[Text] For the second time in a row, unemployment increased sharply in June: there was a seasonally adjusted rise of 0.8 percent according to statistics published yesterday morning by the Ministry of Labor, Employment, and Vocational Training. That translates into 19,500 additional jobseekers.

At the end of last month, there were 2,578,300 unemployed (in seasonally adjusted figures), compared to 2,558,800 4 weeks earlier. In unadjusted figures, on the other hand, unemployment was down by 1.3 percent—not surprising at this time of the year—to 2,400,500. Over a 1-year period, unemployment has dropped by 2.4 percent. For its part, the unemployment rate is back up to 10.5 percent.

Jobseekers



Another increase in unemployment, which rose by a seasonally adjusted 0.8 percent to 2,578,300 in June. A foreseeable rise, it was due in part to the sharp drop in new trainees, a change affecting mainly adults and particularly women. The unemployment rate continued to rise, reaching 10.5 percent.

This new deterioration—which follows a change of the same magnitude in May—affected adults (between 25 and 49 years of age) in particular and, among them, women (+2.1 percent, compared to +0.6 percent for men). An indication of the worsening situation for women in the labor market is the fact that unemployment among women under 25 years of age rose by 1.6 percent, whereas among men in the same age group, it fell by 1.2 percent. Even among those over 50 years of age, the men did better: the number of jobseekers in that category declined by 1.4 percent in June, while among women it remained almost stable (-0.1 percent).

Registrations with the ANPE [National Employment Agency] (343,000 in seasonally adjusted figures) dropped by 7 percent in 1 month but were up by 3.3 percent for the 12-month period. The increase due to layoffs for economic reasons was up sharply in June (+5.8 percent), in contrast to the decline that had been noted for several months. Layoffs for other reasons and resignations were also up by 3.6 percent and 3.7 percent respectively. Sign-ups due to the expiration of fixed-term contracts and temporary assignments continued to rise, increasing respectively by 4.7 percent and 3.1 percent. First-time sign-ups were up very sharply (+92.5 percent), although remaining at a level comparable to that in June 1987.

The number of people removed from the list of jobseekers totaled 332,000, for a drop of 7.6 percent in 1 month and of 5.9 percent for the 12-month period. That very noticeable drop is all the more reason for concern in that it happened at the same time as a tremendous jump

of 442.7 percent in military service (+6,061) and an appreciable increase in the number of people called back to work (+7.9 percent). Part of the explanation lies in the sharp decline in the number of people entering training programs (-24.4 percent in 1 month and -18.9 percent over the 12-month period). A total of 37,689 people became trainees in June, and that was 12,197 fewer than in May. The number of trainees remains more than substantial, however, and this is true regardless of whether we are talking about TUC's [community service jobs] (189,070), SIVP's [Introductory Training Courses for Vocational Life] (111,000, according to one estimate), or any of the other programs intended primarily for the long-term unemployed.

The final disturbing figure concerns the average period of unemployment, which rose from 370 days to 371 days. Employment, on the other hand, rose by 0.3 percent during the first quarter of the year. billion francs, or the same as the month before, showing that the reviving competitiveness of French products has not yet convinced foreign buyers.

Jobseekers at the end of June: in unadjusted figures: 2,400,500; in seasonally adjusted figures: 2,578,300. Unemployment rate: 10.5 percent (+0.1 percent). Job offers (seasonally adjusted) recorded during the month: 43,900 (+3.8 percent).

Trade Deficit in June Less Than Predicted
35190091a Paris *LES ECHOS* in French
28 Jul 88 pp 1, 4

[Text] The trade deficit for June has turned out to be less than was imprudently predicted by the minister of foreign trade, who was expecting a gap of from 1.5 billion to 2 billion francs. The deficit works out to a seasonally adjusted figure of 900 million francs (or 600 million francs in unadjusted figures), following a deficit of 1.5 billion francs in May and 2.1 billion francs in April.

Last month's results bring the year-to-date deficit for the first 6 months of 1988 to 9.1 billion francs, a clear improvement over the 19.2 billion francs recorded during the same period last year.

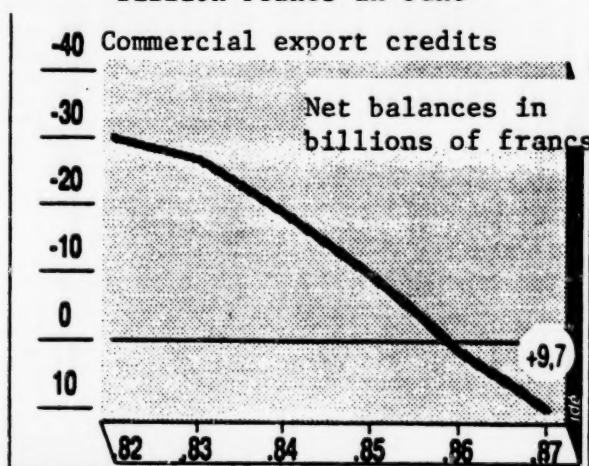
This improved performance in foreign trade during June is due to a combination of several factors. First of all, the energy bill dropped once again, with a deficit totaling 5.2 billion francs compared to 5.9 billion francs in May, and it is still far below the monthly average for 1987 (6.8 billion francs). The surplus from agribusiness turned out

very well at 3.6 billion francs, although this sector did not repeat the feat recorded in May, when it produced a record surplus of 4.1 billion francs. Here again, we see a great improvement over the monthly average for 1987 (2.5 billion francs).

But last month's results gave no sign of a recovery in the industrial balance, which showed a deficit of 11 billion francs in 1987 and which has worsened steadily since the start of this year. For June, trade in industrial products again showed a deficit: 2.1 billion francs compared to 2.8 billion francs in May.

The accumulated industrial deficit for the first 6 months of the year totals 15.5 billion francs. That is more than the imbalance recorded for all of last year, even though Airbus sales have never been higher (seven aircraft delivered last month for an amount of 2.2 billion francs). The balance for civilian industry (excluding the surplus of 2.5 billion francs earned by arms sales) comes to 4.6 billion francs, or the same as the month before, showing that the reviving competitiveness of French products has not yet convinced foreign buyers.

Trade Deficit Down to 900
Billion Francs in June



Source: Bank of France

A study by the BNP [National Bank of Paris] provides a timely reminder that the monthly foreign trade results are no more than a very imperfect reflection of France's economic and financial position with respect to foreign countries. More relevant is the "basic balance," which showed a marked recovery in 1987 due in particular to net inflows of capital under the heading of commercial credit granted to foreign customers. The other side of the coin is the decline in major contracts for French industry.

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TURKEY

Bribery Question Raised in Istanbul Metro Contract

35540168 Istanbul *MILLIYET* in Turkish
17 Jun 88 p 5

[Text] The ASEA Brown Boveri-Yapi Merkezi Consortium, builders of the Istanbul Metro, organized a "press tour" to ASEA Headquarters in Sweden in order to clarify some confusion. ASEA Brown Boveri Traction Vice President, Ake Nilsson, while answering reporters' various questions, announced that they gave a helicopter to the Istanbul Metropolitan Municipality as a gift. "However, this incident cannot be regarded as bribery. Because, compared with the magnitude of the job, the value of the helicopter is very low" Ake Nilsson said.

This is how Ake Nilsson answered various questions of the Turkish journalists at the ASEA Headquarters located in the town of Vasteras, 2 hours away from Sweden's capital, Stockholm:

[Question] "There are questions concerning the system you are currently building in Istanbul as to whether it is a "metro" or "light rail" or "fast cable car." What are the distinctions that make a metro a metro?"

[Answer] "Whomever you pose this question to on this issue, they will speak of two basic distinctions. First, a metro line does pass through regular traffic. In other words, metro has its own path. Second, there are platforms to board and deboard. One boards the metro cars directly from the platforms. Besides these, the speed of metro cars is 80 kilometers per hour and it has its own system of signals. According to the norms set by the Germans, metro train cars should hold 8 people per square meter. However, in our system this number can exceed 10 when necessary. The system we are building in Istanbul has all these capabilities.

[Question] "It is said that you have presented a helicopter to the City of Istanbul. Is this true?"

[Answer] "If there is such a rumor, let me immediately indicate that it is true. When issues like installation of metro lines, drawing of the topographic map and transportation of guests and experts came up, a need for a helicopter surfaced. Consequently, a helicopter was proposed by us. The city accepted it."

[Question] "Very well, is such a gift considered normal in such projects? In other words, what is the value of the helicopter in the project?"

[Answer] "The helicopter is not a big deal. In other words, it is not enough to change a customer's decision. Actually, we made our substantial offers (in the form of price reductions) before we were granted the contract. That is when we really got hurt."

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